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Agreement on EEC posts after angry dispute

Mrs Margaret Thatcher intervened personally on behalf of Mr Christopher Tugendhat, one of the British European Commissioners, as the allocation of posts in the new Commission degenerated into an acrimonious, arm-twisting argument in Brussels early yesterday. Mr Tugendhat emerged with his powers intact and added responsibility.

New President in clash with Mrs Thatcher

From Michael Hornsby, Brussels, Jan 8
The distribution of posts in the new European Commission was finally agreed here early today after scenes of acrimony, insults, and arm-twisting by at least one national government for which even old hands in Brussels could recall few parallels.
The outcome was not at all bad for Britain's two Commissioners, Mr Christopher Tugendhat, the former Conservative MP, who has been appointed to serve another four-year term, and Mr Ivor Richard, the former Labour MP and British Ambassador to the United Nations, a newcomer to Brussels.
Mr Tugendhat retained control of the EEC budget and the Community's financial institutions, and was also entrusted with taxation policy, previously a separate portfolio under another Commissioner.
For his part Mr Richard obtained employment and social affairs, education and vocational training policy, and responsibility for organizing the periodic "tripartite" conferences between EEC trade unions, employers and member governments.
This satisfactory result was achieved, however, only after a fierce clash between Mr Tugendhat and Mr Gaston Thorn, the new President of the Commission, in which the British Commissioner in effect accused the former Luxembourg Prime Minister of double-crossing him and hatching a plot to whittle down his job.
Mrs Margaret Thatcher, in circumstances which are still not entirely clear, then also became involved in the dispute, demanding to speak on the telephone to Mr Thorn, who at first refused to take her call.
In tones of high dudgeon, the Prime Minister said at that stage had only Mr Tugendhat's version of events, was reported by one well-placed source as having told Mr Thorn that what he was proposing was "a calculated insult to Britain".
Mr Thorn, deftly fielding questions at a press conference this morning about his talk with Mrs Thatcher, said that "some people had been trying to impute things to me and we had to clear that up".
Mrs Thatcher had wanted assurances on certain points, and he believed he had been able to give them.
All this sound and fury arose out of Mr Thorn's attempt to find a worthwhile job for Mr

RAF patrol's bravery praised after bomb blast

By Stewart Tendler and Derek Barnett
A bomb wrecked part of a barracks at RAF Uxbridge, West London, last night, seconds after Servicemen had dragged away drums of petrol packed round the device. Their action prevented the blast from causing greater damage and fire.
Up to 40 Servicemen were evacuated from the building before the explosion and the only casualties were two civilians outside the station who were slightly hurt by flying glass.
Last night there were no indications of responsibility for the bomb. The Ministry of Defence said security at Service bases had recently been tightened against any attacks over the Christmas period and RAF Uxbridge had its own detachment of Ministry of Defence police.

The bomb was placed just inside the double doors of a three-storey barracks called 'Sutia' sited not far from the camp perimeter.
The explosives were placed in a blue satchel similar to RAF issue and four five-gallon plastic drums of petrol were placed round it. The drums, of a type used for liquids such as vinegar, had taps which were turned on so that petrol began to trickle out. The petrol seepage would have increased the effectiveness of the device.
But shortly after 5.30 pm a policeman on a routine patrol saw the barrels and then the satchel with wires hanging out. As the alarm was raised the policeman, the station warrant officer, and an airman carried the drums away from the satchel to a stretch of grass near by.

They had just set down the last of the drums when the bomb exploded. Later Deputy Assistant Commissioner David Povey, head of London's CID, said he had acted "with courage and they have my admiration".
The blast caused extensive damage to the ground floor of the building which is used for Servicemen in transit.

RAF Uxbridge was opened during the First World War for the Royal Flying Corps and many Servicemen were trained there between the wars.
It became an important control centre for RAF fighters during the Battle of Britain and now houses training facilities for musicians, the RAF Regiment's Queen's Colour Squadron, and Servicemen's records.
Claim denied: An anonymous telephone caller to The Sun in London yesterday claimed responsibility on behalf of the Scottish Socialist Republican League for the parcel bomb addressed to the Prime Minister and defused at a sorting office in London on Wednesday. Later, however, the league said it had had nothing to do with the bomb.

The bomb was discovered at the Howick Place sorting office in Westminster, by Mr Edward Hamilton, aged 60, a postman, who was "hand-dumping" post marks on a pile of parcels containing a bomb.
Mrs Thatcher said yesterday: "I am very grateful and pleased to see that our postmen are so vigilant".

270 drowned

Macapa, Brazil, Jan 8.—At least 270 people drowned last night when a boat sank in the Jaci River, a tributary of the Amazon. Police said they believed the boat struck a sand bank.—Reuters.

Royal commission wants network of Crown prosecutors' departments to be established Wider stop and search powers recommended for police

By Marcel Berlins and Frances Gibb
An extension of some police powers, coupled with safeguards to protect suspects in detention and under interrogation, are proposed by the Royal Commission on Criminal Procedure, in a report published yesterday.
The new powers were attacked by some groups as sweeping and excessive, but were welcomed by the Police Federation as a help on the beat.
In contrast, some of the proposed safeguards for suspects which would be formulated in a new statutory code, were welcomed by civil liberty groups, but Sir David McNeen, the Metropolitan Police Commissioner, said that they would make the task of the police in dealing with serious crime more difficult.
Mr William Whitelaw, the Home Secretary, said that the report was unique in its scope and thoroughness. The Government would have full discussion on the recommendations before reaching any conclusions.
Many of the commission's proposals on police powers are designed to rationalize anomalous laws, and make them uniform throughout England and Wales, but in some cases extensions of powers are recommended.
The police would have wider powers to stop and search people in the street, or

vehicles, for stolen goods, or on reasonable suspicion of possessing prohibited articles such as drugs or firearms. But the reasons for the stop and search would have to be noted in the policeman's notebook and the person must be informed of them.
A new power would be given to the police to enter premises to look for evidence of serious crime, provided certain stringent criteria were met.
The law on arrest would be extended to allow a policeman to arrest without warrant anyone suspected of any imprisonable offence, but only in specified conditions according to what the commission calls the "necessity principle", which

includes stopping an offence being committed.
A policeman who saw an offence being committed would have the power to arrest the apparent culprit if he or she refused to give his or her name and address.
Once in detention, if a suspect has not been charged within six hours, a senior police officer would have to make sure that grounds for detention still existed.
After 24 hours without charge, the police would have to seek permission from a magistrate's court to keep a suspect longer. The suspect would be entitled to see a solicitor.
The magistrates' decision to allow the police to keep a sus-

pect longer would become subject to appeal after the second 24-hour extension. The commission proposes that a detailed code of practice governing police interrogation should replace the Judges' Rules.
The commission does not recommend tape recording all police interviews, but says that, after interrogation, a police officer should record a summary of the interrogation on tape, and ask the suspect for his comments.
Special rules are proposed for the questioning of juveniles and mentally handicapped people. Juveniles should only be interviewed in the presence of an adult.

Continued on page 3, col 6



The Queen at Windsor yesterday for the funeral of Princess Alice, Countess of Athlone, with (from left) Princess Alice Duchess of Gloucester, Princess Paul of Yugoslavia, Queen Elizabeth the Queen Mother and former Queen Juliana of The Netherlands. Report, page 12.

Test case on bidding at art auction

By Kenneth Gosling, Arts Reporter
Sir Michael Havers, QC, the Attorney General, has authorized proceedings against Thomas Agnew and Sons Ltd, the leading London art dealer, over the sale of the Algalardi bust of Mgr Cerri at Christie's in September, 1979.
Summons have been served under section 1 of the Auctions (Bidding Agreement) Act, 1927, and are returnable at Bow Street Magistrates' Court next Friday. The Attorney General's office said yesterday that the proceedings would in some ways be a test case intended to help to clarify the present law.
Agnew said: "We have always been of the understanding, and remain so as we have publicly stated several times, that we have not contravened the Act".
The successful bid amounted to £165,000. In December the same year Agnew applied to the Metropolitan Museum in New York at a valuation of £265,000; the application was not accepted by

the Reviewing Committee on the Export of Works of Art.
The Attorney General's office said that in authorizing the proceedings Sir Michael was aware of feelings of uncertainty as to the precise scope of the Act among many directly affected by it and on the other hand of the informed concern expressed about certain aspects of the sale by auction of valuable works of art that formed part of the national heritage.
The relevant section of the Act says: "If any dealer agrees to give, or gives, or offers any gift or consideration to any other person as an inducement or reward for abstaining, or for having abstained, from bidding at a sale by auction either generally or for any particular lot, or if any person agrees to accept, or accepts, or attempts to obtain from any dealer any such gift or consideration as aforesaid, he shall be guilty of an offence under this Act."
Dealers can remain within the law provided that before an auction there has been an agreement in writing, a copy of which is deposited with the auctioneer.

Russian defects from military talks team

From Patricia Clough, Bonn, Jan 8
Mr Viktor Nikolayevich Korolyuk, aged 35, the interpreter for the Soviet delegation at the Vienna troop reduction negotiations, has defected to West Germany, a Government spokesman confirmed today.
Reports by the Austrian news agency APA and the Stuttgarter Zeitung said he had brought with him confidential Soviet documents about the east block's future strategy at the mutual and balanced force reduction (MBFR) talks between the Western alliance and the Warsaw Pact powers.
They said he flew from Vienna to Düsseldorf on December 17 and was taken to an undisclosed spot by the West German intelligence service for questioning.
A Government spokesman confirmed that Mr Korolyuk

had entered West Germany but declined to give any further details.
However official sources described Mr Korolyuk as "a man who can tell us a lot".
Russians gone: The Park Hotel in Baden, south of Vienna, stated that the Soviet delegation left there for Moscow on December 20 after the latest round of talks ended. It was not expected back until January 20.
The latest round of the 19-nation talks, which have gone on for seven years, ended on December 18. The Warsaw Pact then said that it would not change its position despite Western contentions that it had misrepresented its troop strength.
Disagreements over troop levels which Nato says the Warsaw pact understates by 150,000 men, have bogged down the talks for years.—Reuters.

But Mr Brunton gave a warning that a common condition laid down by all interested parties is that new manning and technology agreements with the unions and individual chapels will have to be made.
"Every interested party is adamant on that point and it does not surprise me."
Mr William Keys, chairman of the TUC printing industries committee, welcomed Mr Brunton's announcement and said: "We cannot go on the way we have been in Fleet Street. There is no argument about that. I am not going to prejudice the situation by pressing for the names of potential buyers if will do all I can to keep these newspapers going."
Mr Joe Wade, general secretary of the National Graphical Association, said: "We are

Continued on page 2, col 4

British beef for Poland at 34p per lb

By Hugh Clayton, Agriculture Correspondent
British beef is to be sold to Poland at a bargain price of 34p a pound. The latest official survey of British shop prices states that "cheap" beef costing on average £1.08 a pound.
The price for Poland has been fixed by the European Commission in Brussels for 1,000 tonnes of meat from the British share of the EEC beef "mountain". It will form part of a sale of 15,000 tonnes to be included in an EEC package of cheap food to help Poland.
The Commission has ordered that the 1,000 tonnes from Britain must be sold in one lot at a price of £755,000. If more than one offer is received the winner will be decided by lottery.
Strict conditions have been imposed by the Commission to prevent cheap food earmarked for Poland being diverted to such forbidden destinations as the Soviet Union. For the purposes of the beef sale the usual deposit of about £35 a tonne required by Brussels for the sale of cheap food outside the EEC has been raised to £649 a tonne.
If the meat is sold it will be handled by a trader in Western Europe who can convince the Commission that he has a guarantee of purchase from Poland. No offers have yet been received.
Credit talks: Talks about extending credit arrangements to Poland, including the financing of food supplies, will be held by the main Western creditor nations in Paris on January 16 (Our Diplomatic Correspondent writes).
Strike over Saturdays, page 5

Rail strike threat suspended after management plea

Train drivers' leaders voted by six to three to suspend the threat to disrupt services so that a joint approach with British Rail management could be made to the Government for more investment in the railways.
The strike threat was suspended after an impassioned appeal by Sir Peter Parver, British Rail chairman, not to jeopardize the chance of government aid by taking militant action. He said glittering prizes were to be won.

First Reagan Cabinet

President-elect Ronald Reagan presided over the first full meeting of his future Cabinet in Washington. Its purpose was to review the goals set by the incoming administration and the meeting was later described as "a seminar to understand each other".

Liquidations record

More companies than ever went out of business in 1980. By the end of the year 5,814 companies had gone into liquidation in England and Wales. But about 143,000 new firms or partnerships were at least provisionally registered, of which 57,000 were new companies.

Steel 'survival' backed

Workers at British Steel's Port Talbot plant have accepted the corporation's survival plan. The decision is significant in view of the corporation's battle of its entire workforce for acceptance of its strategy of more plant closures, job losses and a six-month wage freeze.

Alvar Lidell dies

Alvar Lidell, the broadcaster, whose voice was known to millions by the phrase "Here is the news and this is Alvar", died aged 72. He was a regular broadcaster for 37 years until he retired in 1969. Obituary, page 12

Intensive Tehran talks on American hostages

The Algerian intermediaries in the American hostages issue have been locked in intensive discussions with Iranian officials. It appears that Tehran wants to settle the matter before the Reagan Administration takes office. Mr Warren Christopher, the American Deputy Secretary of State, has arrived in Algiers for talks with Mr Muhammad Sadik El Bahi, Algeria's Foreign Minister. Page 3

Golden handshakes

Nine former directors of Spillers, the food group, left with "golden handshakes" totalling £1.7m after Spillers was taken over by Dalgety, the international meat group. Mr Michael Moore, managing director of Coral Leisure, the gambling group, is expected to receive about £200,000 on his resignation from the company. Page 13

'Hostility' to graduates

Some of Britain's new universities are of a poor standard and an "active embarrassment", according to a government liaison officer for education. He expects there will be increased hostility towards graduates by employers and he warns universities that they must face up to scepticism. Page 4

Water action threat

Among several militant decisions by public sector union leaders, the National Union of Public Employees recommended unspecified industrial action by water workers over the employers' refusal to increase their offer of a 2.9 per cent pay rise. The employers were accused of a serious misjudgment. Page 2

Cheap fares plea: Sir Freddie Laker has taken delivery of his first Airbus

Civil Service jobs: MPs attack delay in dispersal to Scotland. Page 3
Madrid: Mosques for Córdoba have caused a dispute between bishop and mayor. Page 4
Classified advertisements: Personal, pages 20, 22; Recruitment opportunities, 19, 20; Car buyers' guide, 20

Namibia conference settles status issue

A formula was devised at the United Nations-sponsored Geneva conference on Namibia to allow the internal parties recognition at the meeting without undermining its bilateral status. This amounted to personal introductions, considered a victory for the parties. The South West Africa People's Organization countered with a gesture of unity. Page 5

Defence choices

On the Cairngorms, from Mr Peter Rodgicks and Mr Mark Hutchinson, and Mr P. D. Hamilton: defence choices, from Admiral of the Fleet Lord Hill-Norton; trees for energy, from Dr George Besserk. Leading articles: Criminal justice; Japanese defence. Features, pages 6, 10

Geoffrey Smith says only government confidence will plug the leaks

On the Third World: Michael Binyon's Moscow Diary. Arts, page 7

David Robinson on the NPT Ylimaz Güney

season, and on The Sun Man: Clive Barnes on the Royal Danish Ballet, and John Percival on Covent Garden's La Fille mal gardée. Sport, pages 8, 9

Rugby Union: Three new caps in Welsh team to play England; Cricket: Australia win on day international against India; Football: Chelsea announce £14m redevelopment of Stamford Bridge; Athletics: 17,000 apply to enter London Marathon. Obituary, page 12

Lidell, Professor Kazimierz

Business News, pages 13-15
Stock markets: Equities recovered after a dull start led by oils and electricals. Glits encountered further losses with the new "big" receiving little support. The FT Index closed 0.9 lower at 459.3.
Financial Editor: China Clays at the top; Hickson & Welch under pressure.

Society faces cash loss investigation

By Margaret Stone
The police are investigating alleged irregularities in the Alfreton Building Society in Derbyshire.
Mr John Flanders, chairman of the £53m building society, said in a letter to the society's 3,500 members yesterday that the board "for some time had been concerned about the possible irregularities in the affairs of the Alfreton society".
The Chief Registrar of Friendly Societies and the Building Societies Association were made aware of the difficulties last week and an effective rescue operation was mounted.
Pending the outcome of the inquiries, Mr Roy Ward, aged 51, the society's secretary, has been suspended.
Some months ago the Alfreton Society had been discussing a possible transfer of engagements with the neighbouring Britannia Building Society, with assets of well over £1,000m, is the tenth largest society and well experienced in building society takeovers.
Business was brisker than usual yesterday at the Alfreton's single branch in Alfreton High Street. But, alerted to the possibility of a run on the society by worried members, the Britannia, with the required approval from the Chief Registrar, had ferried employees and money to the town.
The society's difficulties came less than three years after the big defalcation at the Grays Building Society in Essex. That led to calls for an official society rescue fund and for more stringent requirements for building society auditors.
One line of inquiry being pursued by the police is the possibility that cheques were drawn against members' accounts. Until a detailed check has been made, however, it will not be possible to determine the full extent of the losses.
Financial Editor, page 15

Je Reviens

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By Bernard Withers

Three out of four pre-school children are still looked after by their mothers at home, according to a report published today.

But it points out that in five years the proportion of children who are looked after by those who spend part of their lives out of the care of their mothers has risen from one in six to one in four. A larger number of working mothers with pre-school children are employed part time rather than full time.

The report, a discussion document by the Children's Committee, which is an advisory committee to the Secretary of State for Social Services and the Secretary of State for Wales, points out that

there is a growing emphasis on the need for the state to provide services only in special family circumstances where the parents cannot cope. The converse view, that the major responsibility for the care of children should be left to the state, also leads all too easily to the assumption that they ought to cope and need no form of support at all.

The polarization of the world into the capable and the vulnerable oversimplifies the real position. Even the most resourceful parents will benefit from, and will often require, help and encouragement in living through their child's formative years. *The Needs of the Under-Fives in the Family* (Children's Committee, 100, The Priory, Church Place, London, W.C1, 65ph).

Very price war
By Our Shipping Correspondent
The price war among cross-Channel ferry companies looks set to continue with a new range of fares from British Rail, the company which has the largest fleet, says a spokesman. The company says, undercuts those announced last month by Townsend Thoresen and P & O.
P & O promptly retaliated with matching cuts on some services and the promise of a new brochure with lower prices. "We are not going to be beaten by anybody", says a spokesman.
The most attractive Sealink fare (matched by P & O) is £12.50 for a car and driver to the Continent, with a 10% discount for passengers.
Sealink also offers reduced fares on summer sailings.

Bastia, who had protested against the continued imprisonment of the six. An opponent of their cause, Pierre Bertolini, a former policeman who lost a leg in a terrorist explosion and has since been awarded a series of bomb attacks, has been freed pending trial.

M Peyrefitte said the hunger strikers were seeking to blackmail the state and was no less a question that their cause was comparable to that of the former policeman.

One cannot parallel the physical state of a person who has been seriously mutilated after an attack in which he is the victim, with the state of health of the six accused who have been deliberately deprived of their basic "nourishment," the minister said.

Madrid, Jan 8 — The Communist Mayor of Córdoba is involved in a clash with the local Roman Catholic bishop over turning two public buildings into mosques. In the process, the capital of Islamic Spain has become the capital of an Islamic kingdom.

The buildings, one a former nunnery, are to be used by Spanish Muslims for cultural as well as religious purposes with the aid of Arab funds.

Senior Julio Anguita, the mayor of the town, confessed to be indifferent to both religions, has invoked Spain's 1978 constitution which separates church and state after the Bishop of Córdoba, Mgr José María Guerrero Florido, publicly expressed his reservations.

The bishop, while emphasizing the legality of the mayor's decision, argued that it would have been better to consult the city council. In an open letter in the local newspaper, the mayor reminded the mayor's officers of the help and facilities accorded by the city

men's groups has Mgr. Iñáncos, a former bishop of the diocese of Córdoba. The mayor also emphasized Spain's need to maintain good relations with Islamic countries. —Saudi Arabia and Iraq are the chief suppliers of the oil that feeds Córdoba's policy of trying to resurrect cultural links with Islam. Last month Córdoba was visited by Professor al-Kettani, the rector of a Saudi Arabian university. King Khalid. He praised the city's renewed interest in its Islamic past and held out the possibility of further financial assistance.

He said that he looked forward to the day when Muslims would worship again in Córdoba's cathedral, which or-

Log in Madrid

From Our Own Correspondent
Madrid, Jan. 8

The people of Madrid awoke this morning to find the atmosphere heavily polluted and visibility obscured. The newspapers, therefore, described the smog as the "new soupers" lung forgotten by Londoners.

Under emergency regulations immediately enforced, no central heating is allowed after 11 a.m. and after 9 p.m.—although most Madrilenos like to go to bed after midnight. To reduce the pollution from central heating, fines of £227 to £83 are levied on owners of houses who do not install filters for illegal smoking.

The fog has come because for six weeks it has not rained.

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OVERSEAS

Intensive discussions on hostages issue as Iranians try to avoid deal with new US administration

Tehran, Jan 8.—Algerian intermediaries in the American hostage issue held "intensive" discussions with Iranian officials last night, diplomatic sources said.

No details were disclosed, but other sources have said the Iranians were making efforts to reach an early settlement rather than deal with the incoming Reagan Administration which takes office in 12 days.

The sources said that the latest round of talks between Iran and three Algerian envoys coincided with a sudden trip to Algiers by Mr Warren Christopher, the United States Deputy Secretary of State. The envoys said only that they had no immediate plans to leave Tehran for home.

Any details of their talks could be relayed through the Algerian embassy here as were a list of questions the Iranians submitted two days ago on the latest American proposals for the hostages' release.

The Iranians' apparent reluctance to deal with a Reagan Administration comes after American officials warned Tehran that the negotiations might have to start all over again. Sources said the Iranian negotiators—so far in agreement with their American counterparts—doubt that an immediate breakthrough is likely because of the many technicalities involved.

Secrecy shrouds much of the detail of the latest exchanges

on the hostages but Iran's concern to find a speedy settlement could mean that its reply to the new American proposals will be ready in the next few days, possibly during Mr Christopher's visit to Algeria where he is having talks with Mr Muhammad Sodik Binyahia, the Foreign Minister.

Diplomats in Tehran regarded the Christopher mission as a positive sign, saying he would hardly travel to Algeria if Iran was still a long way from drawing up its response.

The main problem still appears to be Iran's demand for \$24,000m (about £12,000m) as a deposit to cover repayment of Iranian assets blocked in the United States and part of the late Shah's wealth.

Diplomatic sources say the United States has raised its offer to about \$8,000m and the gap may be narrowed when American efforts to help Iran locate other funds are taken into account.

Some signs of flexibility in the Iranian position have been detected by diplomats here, including more frequent references to the word "undertaking" instead of the harder edged "guarantee".

But it is believed that, if only for domestic political reasons, the Iranians feel they must achieve a final settlement which at least looks similar to their demands.—Reuter.

Tehran radio today scorned the "tough" policies of Presi-

dent-elect Reagan, who could inherit the task of securing the hostages' freedom.

Iranian authorities prepared their response to the latest American proposals, a radio commentary said. Mr Reagan's "slogan of militarism" meant he was doomed to meet the same ignominious fate as Presidents Nixon and Carter. This would happen, the state-owned radio said, because American imperialism was in the throes of decline in the face of growing liberation movements. The radio does not necessarily reflect government views.

Iranian politicians and commentators had said they did not care whether Mr Reagan or Mr Carter won last November's election but lately they have become increasingly hostile towards Mr Reagan and reacted violently to his saying that the captors of the hostages were barbarians.

Carter hope: President Carter said today that he believed his Administration's latest offer to Tehran was "fair" to both countries. (David Cross writes from Washington.)

He said he hoped that the long crisis would be resolved before he left office on January 20 but he could not make any predictions. "I don't want to raise any unwarranted expectations. Every time we had a favourable response from the Iranians, later on we're disappointed."

News analysis

Iran's counter-attack euphoria unjustified

By Drew Middleton
Military Affairs Correspondent
of The New York Times

Fighting in Iran has intensified as a result of a counter-offensive that President Bani-Sadr announced on Monday, but analysts in the United States and other Western countries say they find no basis for Iran's claims of great victories.

Some advances appear to have occurred, the analysts add. But they say that the main Iraqi positions around Ahvaz, capital of the oil-producing province of Khuzestan, and Abadan, have been held.

There is general agreement among the experts that Iran's attack is running out of steam. One Nato expert said that Iranian gains in Khuzestan were probably less important than the successful Iraqi invasion of the Iranian province of Kurdistan to the north.

The Iranian counter-offensive, according to Western analysts, was made possible by the careful concentration of regulars and Islamic Revolutionary Guards around Dezful at the northern end of the Khuzestan front.

Analysts, who at first discounted Iran's announcement of a counter-offensive, said on the basis of later information that elements of two or three armoured divisions employing British-made Chieftain tanks, supported by regular infantry and Revolutionary Guards, launched the main attack from the Dezful concentration area toward Susangerd and Ahvaz.

The Iraqis, who had been aware of an offensive since the Iranians had made no secret of their intentions, were well prepared for the attack, according to the analysts.

The Iraqis began to send Soviet-made MIG fighter-bombers over the battlefield to engage the advancing Iranians, whose air support was described as minimal.

Most of the fighting, the

analysts reported, was in what is called the Ahvaz corridor between that city and Dezful.

Their information, analysts said, does not confirm the Iranian claims that the counter-offensive wiped out two Iraqi brigades, killing 1,000 troops and taking 2,000 prisoners. Nor is there anything to verify Iranian reports that the Iraqi line is crumbling in Khuzestan.

Iraq says that its armoured and infantry forces have contained an Iranian attack around Susangerd and Ahvaz, and that it has fired from helicopter gunships and long-range artillery.

According to Nato analysts, Iran's counter-offensive has been only marginally successful for reasons that have plagued its forces since the start of the war. These, they said, are faulty or at times nonexistent communications between forward troops and headquarters, the absence of a coherent battle plan and political conditions that make surprise attacks virtually impossible.

The Iranians had talked about the coming counter-offensive for at least two weeks before it was launched, analysts pointed out, and Iraqi reconnaissance aircraft would have easily missed the movement of troops and supplies to the Dezful concentration area.

If the counter-offensive is put in its political context, analysts said, it is easy to understand. The Iranian leadership, put out by the Iraqis, Iraqi communiques, too, are exaggerated but those on the Iranian side are considered more fanciful.

Diplomats and military analysts agree that President Bani-Sadr needed a victory in the field to support his fight for power in Tehran. On Tuesday, he proclaimed the offensive a success and analysts in Washington and London believe his political future rests on the Iranian forces' ability to deliver a genuine victory rather than an illusory victory.

Iraq says it wiped out an entire armoured brigade

From Tewfik Mishlawi

Beirut, Jan 8. Iraq said today that Iranian losses during the past three days of fierce fighting were three times the size of losses Iran has suffered since the War started over three months ago.

An Iraqi communiqué said the Iraq forces "have turned Susangerd into a graveyard for the remaining Iranian forces". It said a whole Iranian armoured brigade was totally wiped out and 15 missile bases destroyed.

Mr Taha Yassin Ramadan, a member of the Iraqi Revolution Command Council, also said that the battles this week were "no less important than those in the first two days of the

war," which erupted last September 22. This was the first implicit admission by a senior Iraqi official of the Iranian counter-offensive, which Iran said its forces had launched at the beginning of the week.

Mr Ramadan, who is also commander of Iraq's paramilitary organisation called the People's Army, made the announcement in an address to armed units who were sent to reinforce the regular army fighting on the 300-mile front-line between Iraq and Iran.

In his speech, broadcast by Baghdad radio, Mr Ramadan said the fighting this week raged on from the front, especially around the Iranian town of Susangerd in the central sector of the front-line.

Namibia conference finally starts work

From Nicholas Ashford
Geneva, Jan 8

The pre-implementation conference on Namibia (South West Africa), sponsored by the United Nations, finally got down to work this afternoon. The question of the status of the internal parties has been resolved after almost 30 hours of intensive behind-the-scenes negotiations.

A formula was devised whereby the eight internal parties were able to be introduced separately at the start of a pre-conference agreement that the meeting should be between only two delegations—The South West Africa People's Organisation (Swapo) and a South African delegation led by Mr Pieter Botha, the Minister of Defence.

Mr Botha, though, the Administrator-General of the disputed territory, which included the internal parties.

This afternoon, Dr Kurt Waldheim, the United Nations Secretary General, presided over a ceremony at which Mr Botha introduced representatives of the parties within his delegation, each member standing up when his name was called out.

However, Mr Sam Nujoma, the Swapo leader, then responded by insisting that his delegation, which he pointed out was "one and united". To emphasise this point, the entire Swapo team simultaneously rose to their feet and gave clenched fist salutes.

From the point of view of the internal parties, they have managed to score a significant point by finally having themselves formally presented at the conference table. This should help to reassure their supporters and the white South African electorate, that they are not going to allow Swapo to run rings around them at Geneva. However their victory is in many respects a hollow one.

In terms of publicity and political point-scoring (which is what this morning has all about) there can be little doubt that whatever advantage the internal parties gained by this afternoon's declaration was overshadowed by Swapo's dramatic gesture of solidarity.

The conference has at last succeeded in bringing together members of opposing sides who had never met before. At a cocktail party last night, members of Swapo and internal parties mingled together over champagne and glass and tonic. Mr Nujoma was seen to shake hands with all the white members of the right-wing Afrikaner delegation.

Lietaert, former commander of the South African forces in Namibia, who was responsible for South African raids into southern Angola, chatted amicably to members of the Angolan observer team as well as to Swapo leaders.

"This is an even more remarkable than the Rhodesians talking to their terrorists at the Lancaster House conference," one South African official remarked.

'Buckeye three' dropped from white school roll

From Michael Leapman

Buckeye, Louisiana, Jan 8. A federal judge won the latest round here today in a bitter squabble with the state court over where three white girls should go to school. The three did not appear at Buckeye High School for classes this morning and Mr Charles Waites, the headmaster, said he was dropping them from the rolls.

They had been allowed to attend the all-white school for the first three days of the new term despite the decision by Mr Nauman Scott, the federal judge, that they had to go to a mixed-race school in Alexandria, 25 miles away. Mr Richard Lee, a state judge, had ruled that custody of the children could be transferred

to surrogate parents who lived in the Buckeye attendance zone.

On Tuesday and yesterday Mr Lee had gone to the school to instruct Mr Waites to let the girls in. Yesterday he said he would not be there today because he had been served an order by Mr Scott to appear in court next week to answer a charge of contempt of court.

Mr Waites said he would not admit the girls unless Mr Lee was there to make him do so. That is presumably why they were kept away today.

Announcing the dismissal of the girls with reluctance, Mr Waites made a passionate personal statement of support for their rights to attend his school. "The federal judges are running our schools and

I'm sick and tired of it," he said. "I'm ready to see our schools run by local boards."

Mr Scott said he believed the federal system is "a belief they've been interpreting the Constitution wrongly."

The dispute arises from a desegregation order issued by Mr Scott last August. Under it, about 100 pupils from Buckeye were assigned to a mixed-race school in Alexandria.

Rather than have them travel so far by bus, most parents, who insist that race is not the issue here, enrolled their children at a private school. Among them is Mr Waites, himself, whose 12-year-old son is now at a private school.

But the parents of "the Buckeye three", as they are



The tank in Cracow's main square is Russian and so are the uniforms but Poles are inside them. A British-made film biography of the Pope is being made there and this scene depicts the Soviet liberation of 1945.

Solidarity threatens to strike for Saturdays off

Gdansk, Jan 8.—The Independent Solidarity movement today said there could be strikes if any worker was dismissed for failure to work this Saturday.

The union's latest resolution declared a five-day 40-hour week in defiance of government policy that only every other Saturday should be free, and is even tougher than the original draft yesterday which left open the possibility of ending the boycott if the Government came up with acceptable alternatives.

Mr Karol Modzelewski, a Solidarity spokesman, accused the Government of attempting

to bring about a confrontation with the unions over the issue. He said the Ministry of Labour had issued instructions for managers to penalize workers who failed to report for work this weekend, the first designated working Saturday of the year.

"People must know that there may be strikes if any workers are sacked for not coming to work on Saturday," he said. The Government said it wanted to cooperate with Solidarity in resolving the issue of free Saturdays and then proceeded to arbitrarily draft its own law, he added.

"Under the circumstances the Government is no longer

our partner but our opponent", Mr Modzelewski said.

The Solidarity spokesman spoke shortly after the Communist Party daily *Trybuna Ludu* appeared with a warning that there were signs of anarchy in the country. The newspaper attacked regional unions which are demanding the dismissal of unpopular communist officials, saying such actions demonstrated contempt for social norms and the elementary principles of democracy.

Today's meeting of Solidarity's national consultative commission also set up a special council charged with drawing up a programme of union activities and economic reforms.

The council, headed by Mr Andrzej Wielowiejski, an economist, includes scholars, lawyers and agricultural experts as well as Poland's leading dissident Mr Jacek Kuron.

Meanwhile, in the southern town of Ustrzyki Dolne, about 90 farmers and farm workers continued their occupation of a local government building in protest against harassment of union activists.

There was also a sit-in at nearby Rzeszow by workers supporting Ustrzyki Dolne, and also calling for the distribution of assets belonging to the now defunct official unions.—Reuter.

Minister warns of backlash if West Bank returned

From Christopher Walker
Kadunim, Occupied West Bank, Jan 8

Mr Ariel Sharon, the former Israeli general and Minister with Responsibility for Settlements, said today that 200,000 Israelis would take to the streets to demonstrate against any attempt by a future Labour government to hand back part of the occupied West Bank to Jordan.

Mr Sharon, replying to British Conservative politicians he was conducting on a controversial tour of the West Bank, claimed that no Israeli government could survive if it attempted to dismantle the 85 Jewish settlements which have been built, or will be under construction by the time a general election takes place later.

The Israeli minister, speaking here at the first settlement in

be established by the ultra-nationalist Gush Emunim group of which he is an outspoken sympathizer—emphasized that the downfall of any administration attempting to remove settlements would be brought about by "democratic procedures".

Mr Sharon said the Government was determined to complete its original settlement programme before the election.

Mr John Lee, Conservative MP for Nelson and Colne, himself a non-practising Jew told *The Times*: "I started this trip with serious doubts about the settlement policy, and today has confirmed the worst of them. It is obvious that this government is determined to pursue an expansionist settlement policy in which security needs take very much a second place".

The Engineering Careers Information Service and The Times are jointly sponsoring an Engineering Essay Competition, with big cash prizes for the winners.

The object of the competition is to create a greater awareness of the role engineering plays in improving our daily lives.

Students in the United Kingdom, male and female, of all disciplines, engineering and non-engineering, are eligible to enter.

The competition is divided into two sections, one for sixth-formers, and full-time students at colleges of further education; the other for undergraduates at a university or polytechnic.

THE COMPETITION

All students are invited to write, in not more than 750 words, on "What I expect engineers to contribute in the next 30 years to our nation's prosperity".

To have a better chance of winning, entrants may find it helpful to get to know about past engineering achievements before applying their own lively and creative ideas about the future.

There is, of course, no limit on the number of entries that can be received from any sixth-form, university or polytechnic. It will greatly assist the judges if all entries are easy to read.

THE PRIZES

SIXTH FORMS/COLLEGES
£500 to the winning pupil.
£500 to the winning pupil's school or college.
Two runners-up prizes of £200 to pupils only.
Five consolation prizes of The Times Atlas of the World, comprehensive Edition, and £50.

UNDERGRADUATES
£500 to the winning undergraduate.
Two runners-up prizes of £250.
Five consolation prizes of The Times Atlas of the World, comprehensive Edition, and £50.

All prizes will be presented at a special reception, the details of which will be announced later.

THE JUDGES

Lord Nelson of Stafford, Chairman, General Electric Company; Lord Scanlon, Chairman, Engineering Industry Training Board; Dr Elizabeth Laverick, Deputy Secretary, Institution of Electrical Engineers; Joseph Moon, Director, Engineering Industry Training Board; Hugh Stephenson, Editor, Times Business News; Edward Townsend, Industrial Writer, Times Business News.

RULES

1. The last date for entries is Saturday, 28th February, 1981.
2. Entries should be sent to: The Times Engineering Essay Competition, Engineering Careers Information Service, c/o EITB, P.O. Box 176, 54 Clarendon Road, Watford, Herts. WD1 1HS.
3. Entries must be clearly on a separate sheet of paper, to be attached at the top of each entry, which competition—Student or Undergraduate—is being entered. The entrant's full name and address, as well as the name and address of the School, College, University or Polytechnic, must also be given.
4. All entries become the copyright of the organisers of the competition, Times Newspapers Ltd., and the Engineering Careers Information Service, who will reproduce (publish) any entry in whole or in part if they so wish.
5. It is the responsibility of entrants to see that their entries arrive before the closing date.
6. Receipt of entries will not be acknowledged.
7. No correspondence regarding this competition can be entered into.
8. The judges' decision is final.

THE ENGINEERING CAREERS INFORMATION SERVICE

ECIS was set up in 1976 and provides industry-based information about careers in the engineering manufacturing industry.

It is sponsored by the Engineering Industry Training Board, the Engineering Employers' Federation and the Confederation of Ship-building and Engineering Unions. Representatives of these organisations are members of its Steering Committee. Careers advisers and educationalists are also closely involved.

It produces literature and aids for young people and those who advise them on career choice. It also takes part in national and local exhibitions and conferences.

ECIS co-ordinates its work with other bodies in this field.



THE TIMES

OVERSEAS

Wife of Moscow-based diplomat was used to smuggle icons and other relics out of Soviet Union

From Michael Binyon
Moscow, Jan 8

Just over a year ago when the Soviet frontier guards at Brest boarded a train bound for West Berlin their suspicions were aroused by a woman's large suitcase. In it was a treasure trove of Russian antiques—church crosses and about 20 icons worth more than 91,000 roubles (about £25,000), including one icon worth more than 18,000 roubles.

The woman's husband was a diplomat in Moscow and was using her to smuggle out as much of Russia's heritage as he could acquire, confident that his diplomatic status would protect him.

The customs officers had been tipped off by Soviet detectives investigating a ring of icon smugglers who regularly sent antiques to a West Berlin gallery.

The day before she had picked up her goods in Moscow. Detectives watched her park her Mercedes near a taxi garage.

A taxi driver briskly loaded a suitcase into the boot of another car whose driver later handed him a 100-rouble tip in a Moscow sauna. The case of icons was given to the wife to take on the train.

Icon smuggling has become big business for organized crime in the Soviet Union. For many years after the 1917 revolution icons could be bought for a few loaves of bread and taken out of the country without trouble.

But in spite of atheistic disapproval of such religious

the drain of these works of art, many of which were several hundred years old.

Some years ago the regulations were tightened. Icons, Samovars and other pre-revolutionary objects were declared national treasures, not to be exported without permission from the Ministry of Culture.

Works of real artistic merit were refused an export licence outright. But valuable icons could be taken out only on payment of duty equivalent to 100 per cent of the price set by the ministry—irrespective of what the owner paid for it.

These laws have been increasingly flouted, especially by Arab, African and Third World diplomats. In their desire to cultivate good relations with developing countries, the Russians have long turned a blind eye to the black market dealings of many Third World diplomats in Moscow.

For example, they have been particularly harsh towards Westerners caught in currency speculation or smuggling. But although the icons go to the West, including several well-known galleries in London, Paris and New York, the Russians have usually been the diplomatic bag of a minor embassy.

Customs officers are now opening diplomatic baggage more often—a measure allowed under international convention only if there is good reason to suspect smuggling.

Several Third World diplomats were expelled for icon smuggling last year. In the past few months the Soviet customs have carried out rigorous inspections of baggage at everyone leaving the country

and since September even articles manufactured before 1975 have to be cleared in advance.

It is reliably reported that Soviet detectives and the KGB have begun a campaign to mark all known icons, churches, museums and large private collections with radioactive paint and as diplomatic baggage crosses the Soviet frontier, it is checked with a geiger counter.

As a warning to Russians trading in icons, a Soviet newspaper has published a long account of the trial of those involved in the West Berlin case. A man called Mikhail Yershov acted as a go-between for the gallery, scouring the countryside and villages, offering peasants a few roubles for their icons or trading Western watches supplied by the gallery.

He learned about the market from an accomplice who worked in the famous Andrei Rublov icon museum in Moscow. But he had no scruples about sawing in half icons that were too large to fit into diplomatic suitcases. He used a network of petty dealers to keep him supplied with whatever the gallery needed.

Many of the icons were stolen from village churches. When Yershov was caught at the beginning of last year, police traced a masterpiece that had been missing for 40 years. It was stolen before the war and lay hidden in an attic. It was bought in 1976 for 15 roubles by Yershov for 50,000 roubles and valued by art experts at 370,000 roubles (£236,000). Yershov exchanged it for 20 lesser works which all made their way to the West.

But the valuable St George icon was recovered by the state.

Beneath the bustling economic activity of Indonesia, there is an undercurrent of political tension largely unknown to the hundreds of Japanese, European and American business people who are avidly seeking to exploit the current "boom" atmosphere of this oil-rich developing country.

During a visit to Jakarta last summer, Mr David Rockefeller, president of the Chase Manhattan Bank, publicly described Indonesia as one of the most stable countries in the Pacific area, and one which should be a magnet for foreign investors.

To those who follow political events from the inside, however, the situation appears to be one of increasingly high tension, as the country moves towards parliamentary elections this year and presidential elections next year.

The reasons for this tension are several, but high on the list is the blatant corruption of government officials, allegedly including Vice-President Adam Malik and the wife and children of President Suharto, who is expected to stand for a third five-year term.

Corruption exists at all levels throughout the heavily over-staffed and inefficient government, but particularly in the offices and ministries involved in awarding lucrative contracts to foreign suppliers.

Corruption also extends throughout the system of higher education, where allocations to faculties of engineering, medicine and economics—popular fields because of the strong demand for graduates—is often arranged by bribes of up to \$m rupiah (£3,500) by parents eager to see their offspring well-placed. An exception is the much respected Technological Institute of Bandung, an engineering and technical university which so far has successfully resisted pressures to admit sons and daughters of high-ranking persons.

Buildings overlook squalid shacks and fetid canals which are nothing more than open sewers. One general in an expensive mood recently boasted of having received \$300,000 (\$333,000) from a French source for the award of an important project.

That's not all, scoffs an informed Indonesian. "Much larger payments are made—and they are not secret either, since people here always boast about how much money they are making from 'development'."

Another source of tension is the growing power of the right wing of the Partai Persatuan Pembangunan (PPP), or United Development Party, a coalition of Islamic groups. Although more than 70 per cent of Indonesia's population is Muslim, the governments of both former President Sukarno and of President Suharto have resisted demands from traditionalist sectors to establish Islam as the state religion.

Since the rise of militant Islamic fundamentalism in Iran and elsewhere, the Government of Indonesia has attempted to counter-balance such pressures through increased homage paid to the Pancasila, or Five Principles, which form the official state ideology. Every middle and higher-level government official, including university professors, is required to attend a two-week seminar on the meaning of the Five Principles.

"I put it off as long as I could," confided a respected professor of economics. "But now they tell me that I have to go to the next one. Otherwise my career is finished."

The same official reported after the seminar, which lasted eight hours a day, six days a week, that one of the topics discussed was whether the constitution of Indonesia forbade a person from standing for the presidency a third time.

This points to the third and most important source of political tension. President Suharto has held effective power since 1967, when Indonesia began its slow rise from the chaos of an attempted communist coup and the orgy of killings which



President Suharto, expected to stand for a third five year term.

occurred during the counter-revolution, in 1965 and 1966. Economic progress since those times has been considerable. Inflation was brought down from more than 600 per cent to about 15 per cent a year. In the 1979-1980 fiscal year, the country enjoyed a balance-of-payments surplus for the first time. A middle class has been emerging as economic activity increases. Expenditure on food has fallen on average from a 1969 record of 77 per cent of household income to a 1978 level of 65.5 per cent. Non-food consumer spending has increased. Emphasis on mass education has resulted in an increase in the number of children in primary schools from 65 per cent in 1973 to 94 per cent in 1980. Rural health clinics are now to be found in many areas previously without health services. Family planning has lowered fertility rates, though overcrowding, especially on the island of Java, remains a big problem.

But economic progress has left most of the rural poor and urban slum-dwellers as badly off or worse off as they were 10 years ago. Recent figures on income distribution disclose an apparent decline in real income for the poorest 40 per cent of Indonesia's 135 million

people. This has dismayed many of the dedicated planners, economists and other technocrats who are at the forefront of the development effort.

In part they see this phenomenon as reflecting the difficulty of devising ways of reaching the poor with aid. But they also blame a growing preoccupation on the part of high officials with lining their own pockets, and with leaving the conduct of business to ill-trained and inexperienced juniors.

Finally, many Indonesian intellectuals and civil servants are disturbed by the apparent reluctance of President Suharto to relinquish power. He'll be President until the year 2000," one well-known artist said. His companion joined in: "He's a good man, really. But he's too useful to those who are making money. They'll never let him go."

Open political discussions are no longer possible, as they were during the early days of the regime. After riots early in 1974, during which the Government's future was in doubt for several days, a press crackdown commenced which has now been extended to films, television, and the foreign press. It is not unusual to find articles in foreign newspapers and magazines thick with blacked-out printer's ink, when the censors have judged that they show the Government in an unfavourable light. Local news tends to be self-censored.

Isolated incidents of violence involving troops seem to indicate that tensions can reach breaking point. When the former rector of the Technological Institute of Bandung appeared unwilling or unable to curb political activity on the campus, his house was shot on one night by a detachment of soldiers. The rector quickly resigned. Recently the Indonesian legal aid society complained of threats and intimidation directed at two of its leading lawyers, and military men have beaten up and severely injured Hadji Fatwa, the Muslim scholar.

A recent order from Muhammad Yusuf, the Minister of Defence, requires all government employees to receive military training. This is coupled with an attempt by special military squads to confiscate illegally-held firearms from civilians. There are said to be several thousand such arms in the hands of the population.

Several months ago 50 of the country's most prominent citizens, including the very popular former Governor of Jakarta, Ali Sadikin, and a hero of the liberation movement, General Nasution, signed a letter to Parliament complaining of alleged abuses of power by the President. The rights of the signers have been curtailed, none may travel overseas or work for the Government, and all are under surveillance.

The strategic importance of Indonesia to the West is undeniable. Lying between the Asian land mass and Australia and New Zealand, this country—the fifth largest in the world by population—has been known as a staunch friend of the West since the coming of the Suharto Government.

But the tensions present in most developing nations are exacerbated here by the immense gulf between the very rich and very poor. A taxi driver, who must work long hours to make a few dollars, no social benefits of any kind, pauses at a traffic light and watches while a cavalcade of limousines roars down a main thoroughfare, sirens screaming.

He turns to his passenger, and uncharacteristically for a Javanese, offers a comment. "That is where the money goes," he says. "But the little people know that! The little people know!"

If the history of other Asian political regimes is an example, the stability of the Suharto Government would appear to be much less certain than either Mr David Rockefeller or the foreign business community suspect.

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Anti-semitic acts at study centre

From Ivor Davis
Los Angeles, Jan 8

Police here are investigating three anti-semitic incidents which have occurred at the famous Simon Wiesenthal Centre of Holocaust Studies in Los Angeles during the past few days.

The latest was on Wednesday when vandals defaced the side of the building with signs in paint that read: "Kill Jews."

Mr Ronald Reagan, the President-elect, Governor Edmund Brown Jr and Mr Tom Bradley, Los Angeles Mayor, said today they were shocked at the vandalism and Mr Reagan described the acts as "an outrage to Americans."

On Tuesday a rabbi was hit in the arm and stained glass windows were broken by two youths armed with air guns.

On Sunday, two young men with heavy boots and wearing Nazi insignia made anti-Jewish remarks to a woman on duty at the centre's museum.

Marxist group held by Turks

Ankara, Jan 8.—Fifty-one

militants of the Parisian faction of the clandestine Turkish Communist Party-Marxist Leninist, have been arrested at the end of a two-month operation, the martial law authorities say.

They face charges of killing six people, armed robberies and bombings in Ankara over the past year, according to the military.

A farmhouse belonging to a member of the group at Colaba, outside Ankara, revealed a large cache of arms—Reuter.

By Arthur Reed
Air Correspondent

A hydraulic fluid fire which released toxic gas is now suspected to have caused the accident of a Saudi TriStar airliner at Riyadh, Saudi Arabia, last August in which all 301 people on board died.

A burning gas cooker carried on board by the group of passengers had previously been suspected.

This is according to Flight International, which in its current issue, says that it has access to the group's cockpit voice recorder carried on the TriStar and exchanges between the crew and the control tower.

The magazine also discounts theories that the departure of an aircraft of the Saudi royal family was a factor in the loss of life.

According to the transcript, a call from the tower to clear

Tokyo anxious to gain confidence of Asean

From Peter Hazelhurst
Tokyo, Jan 8

Mr Zenko Suzuki, the Japanese Prime Minister, making his first overseas visit since he assumed office, arrived in the Philippines today to consolidate Japan's growing ties with the region's most coherent economic alliance, the five member states of the Association of South-East Asian Nations (Asean).

In contrast to his predecessors, who made their overseas debut in Washington, Mr Suzuki is travelling to the Philippines, Indonesia, Singapore, Malaysia and Thailand to demonstrate his country's solid support for the group of non-communist nations of South-East Asia, officials say.

First, Mr Suzuki will establish how he can help lay down a solid economic foundation in the area—Tokyo's prerequisite for political stability.

Mr Suzuki is also likely to assure the leaders of Asean of continued support for their diplomatic front against Vietnam's invasion of Kampuchea.

At present Japan has frozen its aid to Vietnam and supports Asean's resolution in the United Nations General Assembly calling for supervised free elections in Kampuchea. He will also affirm that his new Administration will refuse to recognize Mr Heng Samrin's regime in Phnom Penh.

Although the United States remains the pivot of Tokyo's foreign policy, it is abundantly clear why Mr Suzuki wants to consolidate ties with the relatively prosperous Asean nations. In the first place, the Straits of Malacca are vital to Japan's oil

supplies and trading ties with the Gulf countries and Europe.

At the same time Indonesia and Malaysia are important suppliers of raw materials including oil, rubber, lumber and tin.

Essentially, Mr Suzuki will not present the leaders of Asean with any dramatic plan to provide the region with economic prosperity and political stability. He will however attempt to portray Japan, as the world's second largest industrial power and as a stable and reliable ally in Asia.

But Mr Suzuki will inform the leaders of Asean that Tokyo is not prepared to increase defence spending and thereby take a greater responsibility for the security of non-communist Asia, a step advocated by the United States, by Mr Lee Kuan Yew, the Singapore leader, and President Marcos of the Philippines.

In short Mr Suzuki will lay down a somewhat nebulous creed known as the Fukuda Doctrine as his foreign policy approach to South-East Asia.

"There are three pillars to our policy in South-East Asia. First, Japan does not intend to become a military power. Second, we will attempt to establish relations of mutual trust with all nations of South-East Asia. Third, even though we have frozen our aid to Vietnam we will continue to maintain relations with the nations of Indo-China with the hope that we can influence policy to some degree," one of the Prime Minister's advisers says.

The Philippines, Indonesia and Malaysia enjoy a trade surplus with Japan while Singapore and Thailand have a trade deficit.

Leading article, page 11

Gas cooker not to blame for Saudi air disaster

By Arthur Reed
Air Correspondent

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According to the transcript, a call from the tower to clear

the runway of a vehicle for the royal flight came two minutes after the last call from the TriStar, and four minutes after it had landed back at Riyadh.

Flight International says that a number of safety points arise from the tragedy. There was no passenger briefing by the cabin staff, probably because of passenger panic and the apparent "negative panic" of the commander, or his reluctance to accept the seriousness of the situation.

The flight crew consulted the wrong checklist for the emergency landing, as well as the toxic gas. Residual cabin pressure may also have been a factor. The gas is likely to have killed everybody on board before the main fire.

Other passengers, who had paid a lot of money, would have to sit beside him.

Nigerians keep diplomatic links with Libya

From Our Correspondent
Lagos, Jan 8

Nigeria officially made it clear today that it has not broken diplomatic relations with Libya nor expelled the Libyan Embassy.

What has done Professor Ishaka Aduke, the Foreign Minister, explained at a press conference is to request those Libyans who took over the embassy on Monday and transformed it into a "People's Bureau" to leave the country.

He also spoke out against the recently announced merger between Libya and Nigeria's own neighbour, Chad. Such a proposal was "most unfortunate and indeed premature," he said.

Official statements said that only "a new and freely elected Government" in Chad could have a mandate to embark on negotiations for any sort of association.

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It's reprehensible the way they dealt with him," Mrs Luscombe said. Her nephew offered to buy a T-shirt in England, but she was told again that he could not travel on the aircraft.

After the incident, the boy telephoned his parents and aunt, holidaying on the New South Wales central coast and later joined them.

A Qantas spokesman said last night that the airline was extremely sorry and had responded by refunding out-of-pocket expenses incurred by the delay. "We do have minimum dress standards, but problems should be detected at an earlier stage."

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Student duelling returns to Heidelberg



A gathering of a student fighting fraternity, complete with pilbox hats and frocked jackets and, below, student duellers of the past.

Passers-by in a Heidelberg square one sunny morning could not believe their eyes. There in the heart of the romantic old city were students with unbuttoned pilbox hats, velvet frocked jackets, colourful sashes and thighboots sitting at long wooden tables, inviting them to join them in a beer.

It might have been a scene from *The Student Prince*. But it was real. After being swept out of the universities by the student protest movement of 1968 the *Verbindungen*, the German student fraternities, are creeping back again.

With them come some memories of one of the most romantic, yet controversial, traditions Germany has known: duelling.

Those who went misty-eyed at the music of *The Student Prince* will remember the bright uniforms, the carousing and the pranks of the days when being a student was far more important than actually studying.

War-time films spread the image of the "bad" German, the cruel Nazi or the granite-hard industrialist with deep, sinister scars on his face. The marks, once a status symbol but now sneered at, bore witness to the duels in his student days.

Drinking was legendary even by German standards. Young *Verbindung* members were compelled to down beer after beer in a kind of military drill until they learnt to stay on their feet while blind drunk.

The old boy system, the flags, the rectorial tables, the jargon, the customs and the particular brand of all-male companionship had a strong whiff of the English public school. But from the impeccable social manners they cultivated to the crude beer-swilling they loved, they were indelibly German.

The *Verbindungen* all but disappeared when the 1968 student movement set out to rid the universities of "the mould of 1,000 years". Any student

who dared to show himself in a pilbox hat or even with the narrow everyday ribbon across his chest was derided as something from the prehistoric past.

Some had to close completely. The richly-endowed fraternities in university towns were often almost empty. Some abolished duelling, one of their most criticised activities, others took up karate instead.

But in the past year or two groups of students in hats and ribbons have been seen strolling unashamedly in the streets of university towns. Fraternities are delightfully reporting a steady increase in would-be members.

It is not nostalgia, it seems, but life in modern universities that is driving students back to fraternity life. Lonely youths are seeking warmth and comradeship, others a cheap and congenial room which is often hard to get, yet others hope for help from members in the difficult business of getting a job.

In return they have to accept that membership of the fraternity is for life. Even after they leave they have to join in frequent social events, give money and help younger members to find their place in the world.

If they join a *Schlagende Verbindung* (fighting fraternity) they are also obliged to fight with razor-sharp swords at least twice a year. The custom originally designed to teach a student to defend himself if assaulted, is now dwindling to a curious ritual.

THE ARTS

Retrospective on a vigorous enemy of society

Yilmaz Güney season
National Film Theatre

The Stunt Man (X)

Classics Haymarket,
Oxford St., Chelsea,
Hendon; Odeon,
Swiss Cottage

The Turkish cinema—which boasts a prodigious production of apparently awful melodrama for local consumption—labours under the considerable handicap that its best director, biggest star and only artist of international standing has, since 1975, been serving a 15-year jail sentence for killing a judge in a café brawl. Since then, however, Yilmaz Güney has continued to write detailed shooting scripts for films that are realized, in Güney's own manner, by his local associate Zeki Ökten. *The Herd*, a film made under these conditions, won the Grand Prix at the 1979 Locarno Festival and the British Film Institute award in the same year; another, *The Enemy* (1980), won the London Film Festival last year. Now the National Film Theatre is to present, between next Tuesday and January 30, a ten-film retrospective of Güney's best work.

Born in 1937, Güney worked his way through university as a labourer, and in 1958 was writer-actor on the film *Children of the Earth*. A handsome man, with tough, virile features which manage to blend warmth with rock-like resolution, he quickly became a top star in 40 or more of the cheap action pictures that are the staple of Turkish film production.

When he came to direct his own pictures—the earliest in the NFT season is *Children of the Earth*, made in 1963—he used the lessons he had learned in telling stories through fast and exciting action. He brought enough new qualities to his films, however, in the way of social criticism, to attract unfavourable attention from the reactionary quarters of the official Turkish establishment.

Güney's films all in one way or another expose a society of economic inequality and backward social structures, where by tradition women are exploited and suppressed, where there is a constant undefined opposition between proletariat and authority, where such destructive cultural legacies as blood feuds still hold sway.

It is characteristic of the dark social vision of Güney's films that his heroes often prefer apparently desperate alternatives to the wretched role allotted to them in organized society. Thus the leading characters in *The Father* (1971) and *The Poor Ones* (1974-75) both choose a goal in preference to starvation conditions in the outside world. In *Angels* (1974), a poor cotton worker sells his daughter to get a little money. In *The Enemy* (1980) the hero accepts a humiliating job poisoning stray dogs whose lot seems in fact much the same as his own.

The hero-group of *Elegy* (1971), which was shown to the press this week, are smugglers and outlaws who look like close cousins to the lost bandits of Bunuel's *L'Age d'Or*. They have abandoned the place and killed or driven off its inhabitants.

Güney himself plays the leader of this band of instinctive revolutionaries, who are eventually annihilated by legal society—though not before they have established moral and political links with a woman doctor of the locality. This woman, as Hans Stempel and Martin Ripken's document, *Portrait of Yilmaz Güney*, points out, is the only female in the film.

This documentary, which is also in the season, includes a long interview with Güney in his island prison. Apparently resigned, and industriously writing out, Güney talks persuasively and optimistically about the didactic potential of the cinema in bringing about



political education of the Turkish masses. *Freebie and the Bean* was a messy comedy-thriller with Alan Arkin and James Caan as cheerfully corruptible cops. Since then not much has been heard of Güney until *The Stunt Man*.

As early as 1971 it was announced that he was making a film of that title; and presently it was the same project,

since Paul Brodeur's novel, on which it is based, had come out the previous year. In fact, however, the film was not completed until seven years later; and even then it lingered on the shelf for a couple of years before the distributors decided what to do with such an oddity. It was eventually released, in an extravagant reviews from the smart set of

Elliot Gould as an over-age college radical; *Freebie and the Bean* was a messy comedy-thriller with Alan Arkin and James Caan as cheerfully corruptible cops. Since then not much has been heard of Güney until *The Stunt Man*.

As early as 1971 it was announced that he was making a film of that title; and presently it was the same project,

Yilmaz Güney in *Elegy*, leader of a group of smugglers and outlaws "who look like close cousins to the lost bandits of Bunuel's *L'Age d'Or*"

American film critics, who tend to be pushovers for the sort of metaphorical, symbolical, psychological and generally Meaningful pretensions that characterize this anecdote.

To be fair, the film has a *panache*—in the telling of the tale and the vivid visual style as well as a saving grace of humour—that keeps it going, most of the way, as an entertainment. The opening swiftly establishes its atmosphere of mystery and anxiety: a bearded, handcuffed fugitive stumbles into the shooting of a perilous film stunt, and causes the death of the stunt man.

He is thereupon taken up by the Mephistophelean film director, who secretes him from the police and metamorphoses him, by means of a shave and hair-dye, into both beauty as well as recklessness. The stunt man who falls into a tempestuous affair with the leading lady. The stage is thus set for a (finally rather inconclusive) battle between the three of them, for the young man's body and soul.

Peter O'Toole plays the director who uses a camera-crane to descend from the skies, a ciresome *deus ex machina*, to intervene in the affairs of the lesser beings in his microcosmic film crew. O'Toole, who once seemed to possess every advantage an actor could hope for, has now definitely abandoned acting for mannerism, forcing his face and his diction into a bizarre, overdone impersonation of Charles Laughton (or maybe it is Bette Davis).

The Stunt man himself is Steve Railsback, who starts off in the character as if it were an extension of his one-time film personification of Charles Manson, but then gives a lot of interest to the boy's groping incomprehension and spasmodic anger. The girl is Barbara Hershey, who at one time changed her name to Sessall and has always had difficulties in giving firm definition to the characters she plays. A score of credited stunt men live things up with an intermittent circus.

David Robinson

● *Sitting Ducks*, which opened at the ICA yesterday, is also running at the Paris Pullman for an indefinite season.

Literary flair makes absorbing ballet

Copenhagen

It is more than four years since the Royal Danish Ballet visited New York, and even longer since it was last in London. Admittedly in 1980 the company staged a Bournonville festival in Chicago and large numbers of British and American enthusiasts and critics attended the Copenhagen festival for Bournonville towards the end of 1979.

As a result, to judge from recent Anglo-American reports, the Royal Danes would appear to be dancing the works of their nineteenth-century master, August Bournonville, and absolutely nothing else. Untrue. At present there is no Bournonville in the repertoire, which is dominated by *Ein Sommernachtsdrom* and Erik Bruhn's new staging of *Giselle*.

Ein Sommernachtsdrom is a full-evening ballet by the American choreographer John Neumeier, which I saw at its premiere by the Hamburg Ballet in 1977 when it was called *Ein Sommernachtsdrom*. Most Shakespearean scholars would know it better as *A Midsummer Night's Dream*. At his best Neumeier lacks for nothing in choreographic invention, but whether at his best or his worst his ballets often have a strange literary cast to them. Sometimes it even seems that he regards ballet as a means of making annotations and comments to music and literature. When this strangely eclectic method comes off, it can be a dramatic experience; when it does not it appears oddly flat and pretentious.

In *A Midsummer Night's Dream* it comes off with the flair of fireworks coruscating in a midnight sky. It is intellectually absorbing, musically bizarre but fascinating, while the choreography has a sweep and confidence that would amaze all but the most rigid of Neumeier's many American detractors. It sets the ballet in a world of rutilant romance, except for the supernaturalists who wear space underwear. The music is a mixture of Mendelssohn, for the lovers, electronic music by György Ligeti for the fairies and traditional organ-grinder music for the clowns.

It is also the sexiest version of the story I have ever seen, with, as example, a slitheringly sensual duet for Titania and Oberon, cransonged by the two, while even the relationship between Oberon and Puck seems uncommonly warm. Incidentally, Neumeier follows the precedent of Peter Brook's staging of the play by combining the roles of Oberon and Theseus, Hippolyta and Titania, and Puck and Philostrate. Despite the fact that the two characters are mad jealousies found in this fairy kingdom, both the clowns and the lovers, in their disparate ways, are truly funny, and the device of a mechanical organ played on stage for the "mechanicals" is theatrical genius.

In some ways the Danes perform the ballet better than did the original cast: it is a company uncommonly strong in mimes and character dancers. Johnny Eliassen, the beautiful Linda Homberg and, in his best role to date, Frank Andersen, were spirited and spiritual as Oberon, Titania and Puck. Tøben Jeppesen made an eccentrically dominating figure as Bottom, and with Neumeier's introduction of a clown, Fredbjørn Bjørnsen among the clowns, who could go wrong?

In contrast, Bruhn's new *Giselle* is understandably and properly conventional. It has very romantic settings by Desmond Heeley, uses the John Lanchbery adaptation of the Adam music and makes the peasant *pas de deux* into a *pas de quatre*. Two original touches are the introduction of old people into the first act to keep *Giselle*'s mother company, and having Bathilde and Myrtha played by the same dancer.

The ballet was decently danced by Anne Villumsen as a fairly dashing Albrecht, and a young corps de ballet girl, Ann Kristen Hauge, sweetly wraithlike as *Giselle*. And what a pleasure to see the commanding presence of the company's director, Henning Kronsmann, in the main role of the Prince of Courland. Ideally generals should always lead their armies from the front.

Clive Barnes

Cold Chips

Thames

Michael Church

The pleasures to be had from watching television are many and various, but one which currently seems in short supply is that of watching a big commercial company take creative risk. There is of course plenty of safe gambling on exportable films strudded with starry names, and one can still stumble upon the occasional inspired one-off like Granada's *All-American Girl*. *Nite Show*, but it is rare for a risk to be built into the structure.

Take Six is the name of an interesting and imaginative risk taken by Thames and masterminded by the producer, Udi Eichler: a documentary series offering directorial debuts to a handful of folk who might not otherwise have got the chance. Eichler has apparently defined his role as helping people do their thing, talking problems through with them but refusing to become a *prime mover*.

Cold Chips, which was last night's inaugural contribution, represented two debuts: a directorial one for Laurens Postma, who recently graduated from the London International Film School, and one for Tim Thomas as a television entertainer.

Purportedly a didactic piece of light entertainment about the future, this show did not really work, but the fault lay less in

the material than in its treatment. Thomas, whose new one-man show opens at the Young Vic tonight, incidentally, is a refreshingly funny and original performer, but he needs to be surrounded by a still space in which to weave his spell. This collaboration all but drowned in sub-Kenny Everett gimmickry and it exploited Thomas's protean gifts in a way that was often for nothing and too hysterical to hold the attention. A few well-aimed prods from a producer—sharpen this, cut that, clear away the clutter—would, alas, have done wonders. The next two programmes in the series, of which I have seen previews, are both unusual. *Act of God*, directed by Peter Greenaway, is a compilation of interviews with people who have been struck by lightning. Those who do not like it will dismiss it as being, inconsequently, those who will appreciate its stylish weirdness.

King's Head, directed by the film editor Jeremy McCracken, is a deft portrait of London's leading eatery, pub and theatre, a stylish risk-taking nature of the enterprise underlying it. One of the most striking things about this splendid establishment is the fierce loyalty of those who regularly work, eat, drink or perform there. McCracken's film explains why this should be.

Afterwards come programmes on junior ballroom dancing, bawdy hen parties, tabloid images of the female body, and on life in a children's ward in Great Ormond Street. Worth keeping tabs on.

Rien ne va plus

Tricycle

Irving Wardle

Interested readers of this week's *Sunday Times* feature on "The Godfather" of the Riviera may pursue the story to 269 Kilburn High Road, where the gangland massacres linked with the name of Tony "Mr X" Zampa take an even gristlier turn: namely an attempted takeover of the Palais Casino, Nice, which has reduced that erstwhile haunt of the British upper crust to a desolate shell picked over for the past two years by militant croupiers.

I owe that information more to the programme note than to Pip Simmons's text and production, which announces that its characters bear no resemblance to any persons living or dead, while also claiming that "the words are in almost every case those spoken by the actual people involved".

Nobody has decided whether the show is to be a fable or a documentary; so we start off with a picture of the fatuous

British lordling it along the Promenade des Anglais in the 1920s before being fleeced at the gaming tables; and then much of the same with the ill-fated "graft" chourning the "Marseillaise" and hurling defiance at the hoodlums' efforts to "destroy our reputation for honest trading".

Narrative logic never was Mr Simmons's strongest point; but in every other respect I found this show an unexpected delight. Played against a silver doorway framed with ported palms, the whole thing works by bold colour contrasts. It is, for instance, a great moment when the four white-trousered British exit to kill themselves like gentlemen (revolvers respectfully served on a silver plate), and instantly return as black-suited mafiosi. Likewise the transformation of Sheila Burnett from a grey-uniformed page into a scarlet-gartered emblem of the new regime.

The company of six excel in quick-change caricature, whether as toothy British pleasure-seekers or as the "boys from Organzola" whose menace is much heightened by their butterball grins and courteous manners.

HENRY JAGLOM'S
Sitting Ducks
A FILM ABOUT SEX, MONEY AND VIOLENCE
"A brilliantly quirky comedy of modern manners"
Derek Malcolm, Guardian
OPENING THE NEW ICA ALSO AT Paris Pullman

Book review

The Bedside Guardian
Edited by W. L. Webb
(Collins, £5.95)The Sunday Times
Bedside Book
Edited by George Darby
(André Deutsch, £6.50)

Anthologizing newspapers and putting the results between hard covers every year is about as painless a form of publishing as it is possible to imagine. This is a charmingly chatty introduction by Shirley Williams and actually bothers to identify each piece with a date. When the article is a book review one is told the title and author and there is an index at the back with the contributors listed in alphabetical order. There's none of this in *The Sunday Times* offerings, just a contents list and a line under the title which says "The best of contemporary writing from one of the world's great newspapers".

The *Guardian* anthology, in other words, can make a legitimate claim to being what one might describe as a book. *The Sunday Times* one looks as if a pile of old cuttings was sent off to André Deutsch in a taxi one day, printed up and returned with a blurb which is so fulsome that even for a blurb it takes the biscuit "shrewdest... best informed... liveliest... quite simply the best... undoubtedly Britain's best newspaper". The *Guardian* indulges in such superlatives. Indeed Mrs. Williams remarks only "The *Bedside Guardian* is a better bedtime than many you may meet. As for *The Guardian* itself, querulous, and all, it does get you through the week". Some of *The Sunday Times* articles come from the colour magazine but there are no colour photographs. Indeed neither book has cartoons, although the emphasis is on the writing. *The Guardian* opens with Simon Hoggart on Denis Thatcher. *The Sunday Times* with Russell Miller on Henry. *The Sunday Times* team includes long serving regulars such as Lewis Chester, Geoffrey Smith, Derek Jewell, and Frank Giles as well as identifiable *Sunday Times* people whose reputation relies as much on books (Jilly Cooper) or TV (Michael Parkinson), as

their journalism. They also have Roy Fuller, Tina Brown, now editor of *The Tatler*, Anthony Holden now with *The Observer*, and Angela Carter, whom I had always thought of as the very model of a *Guardian* person, though she is not in the *Guardian* anthology so I am obviously mistaken.

The *Guardian* feels a little less like an all-star invitation list and more like a team of John Arlott, James Cameron, Alex Hamilton, Nancy Banks-Smith, Simon Hoggart, and Jill Tweedie are among the regulars and (relative) outsiders—Bernard Crick and E. P. Thompson along with them are the sort of people whose point of view and style sits well with those of the staff contributors. Even though Thompson has a lengthy disagreement with Peter Jenkins over nuclear disarmament, it is clear that they are both on the same side of the fence, really.

No writer features in both books, though James Fenton who was in *The Guardian* last year is in *The Sunday Times* (and much better on "Amadeus" at the National, than he was on German democracy). Some subjects crop up in both places (Reagan, the Olympics, Afghanistan and Thatcherism), though considering that both are based on British national newspapers reporting on the same year the difference in subject matter is surprising. Foreign reporters from both newspapers returned to survey the aftermath of Pol Pot in Phnom Penh (which *The Guardian* spells without the first "h"). *The Sunday Times* visited Rampton, *The Guardian* went to Walton and Britain's prison. Bernard Levin hated "Evita" in *The Sunday Times*, and Michael Billington, in *The Guardian* enjoyed the Royal Court "Hamlet". Both have time for nature notes of a sort ("Good weather for breaking in new boots" in *Guardian*; "Homeward bound on Friday night, I drive from Chesham along a Roman road" in *Sunday Times*).

Of the two I prefer *The Guardian* book, not just because it is so much better organized and presented, but also because, pace the *ST*'s blurb writer, it is so much better written. A matter of taste, perhaps, but on this evidence *The Guardian* has a shrewdness and originality which I missed in *The Sunday Times*. A little humility as well.

Tim Heald

Matumbi

The Venue

Richard Williams

Reggae music has made enormous strides over the past decade, but its advance has been slowed by the difficulty with which it has adapted itself to live performance. It must be remembered that reggae has always been bred primarily in the recording studio, and while this has little effect on Jamaican musicians, who are rarely called upon to perform before an audience, British reggae artists are expected to make regular appearances and have had, in a sense, to invent their own language for the purpose.

Matumbi, a young London band who have worked together since 1971, are still learning the lessons. Apart from the American soul tradition, which has some application in this respect, their only real exemplars when it comes to concerts are the Waiters, for whom Bob Marley successfully annexed some aspects of rock performance, and Burning Spear, whose Winston Rodney makes his impact through sheer presence.

At the moment, Matumbi have no such obvious qualities. Their assets include Dennis Howell, the composer and guitarist who is perhaps the most imaginative young record producer in Britain (his work with Linton Kwesi Johnson, The Pop Group and Janet Kay has been consistently stimulating), some mildly attractive songs, a solid command of the idiom and a comports good nature.

On the other hand, too many of their songs deal with well-worn subjects (Zimbabwe, the "sun" law) in a manner which suggests they have nothing new to contribute to the discussion, and their performance on Wednesday night was, for the most part, unduly diffident in the face of a muted but approving audience. Reggae as a whole is not noted for its love of contrast, but they might have made more emphatic use of their flugelhornist and trombonist, while Webster Johnson, who plays keyboards, did enough to suggest that he might profitably be given more scope.

The singing of Bevin Fagan and Claiester Venn was pleasant, with Fagan's urgent tenor the more impressive, and there was a diverting appearance during the encores by Roy Reid, the talkover disc jockey better known as I. Roy, but Matumbi need to learn how to pace a set, how to inject contrast, and how to be more assertive of their individuality.

Tim Heald

Full house

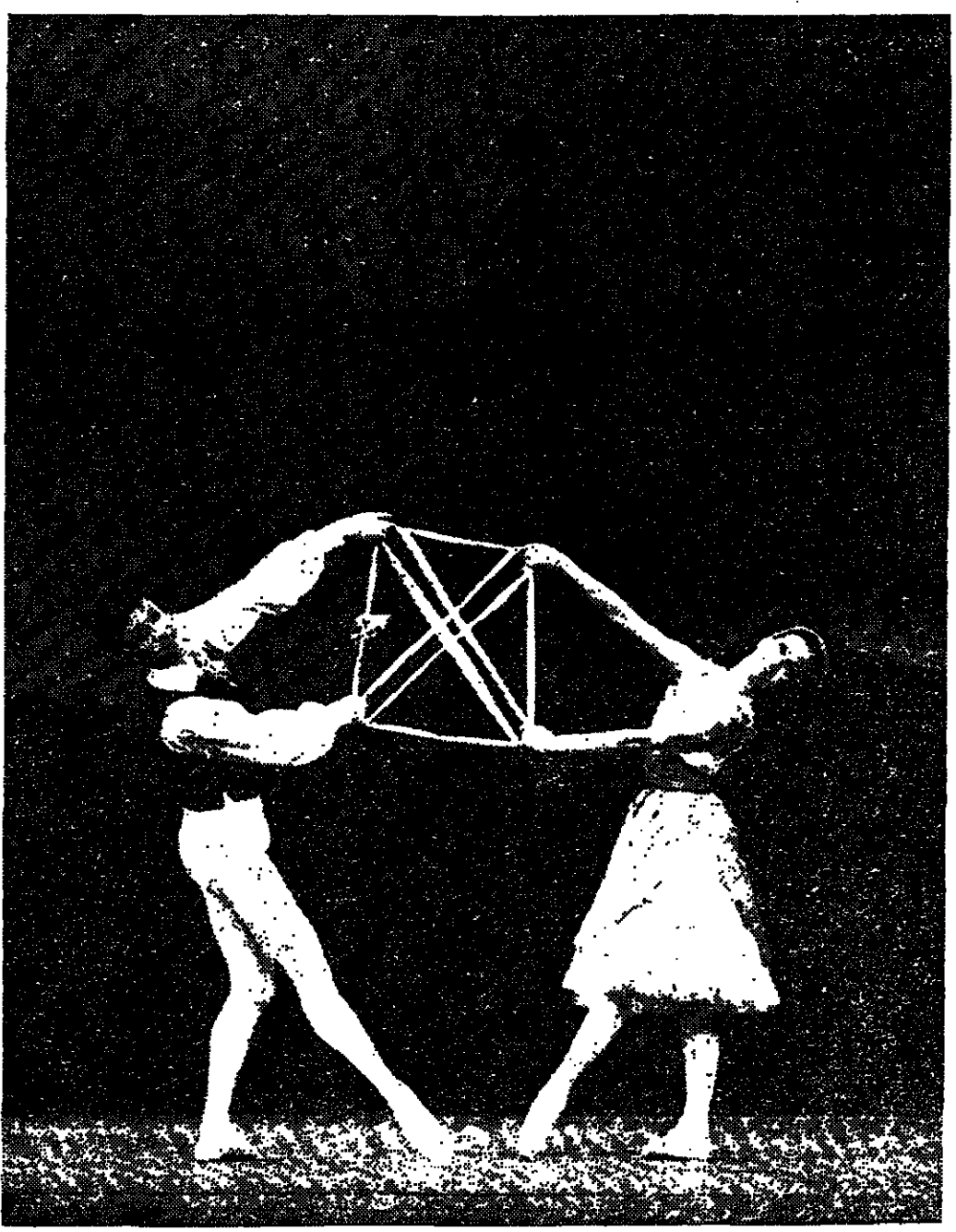
All 10 concerts the first part of the Philharmonia Orchestra's 1980-81 season at the Royal Festival Hall were sold out. With the general situation reflecting no improvement on audience figures during the first part of the current season, the Philharmonia attributes its record-breaking subscription scheme which it was the first London orchestra to adopt.

Contemporary Music Network

Groups appearing on the Contemporary Music Network in the spring will include the Delphonic Ensemble of Japan, directed by the Japanese composer Joji Yuasa. Performing in traditional dress, the musicians will present both traditional and modern works.

Other ensembles on the touring circuit will be the Sam Rivers Trio, playing impro-

vised free jazz, the Schutz Choir of London, giving the first performances of Nigel Osborne's *Gnostic Passion*, and Electric Phoenix, offering extended vocal techniques and electronics. There will be more jazz from the Don Rendell Nine, including Rendell's *Earth Music*, vocal acrobatics from the Trio Evxoco of Stuttgart and works by Koussens, Birtwistle, Stravinsky and Mozart in a programme by the London Sinfonietta.



Lesley Collier and Michael Coleman

La Fille mal gardée

Covent Garden

John Percival

Wednesday's performance of *La Fille mal gardée* was recorded by BBC cameras for transmission at a later date, not yet set, and for inclusion in the prospective publications of Covent Garden Video Ltd. So the first two works in the video series have come from opposite ends of the range of choices.

The Royal Opera's Hoffmann, recorded last week, is a new, somewhat disputable production with an all-star cast. The Royal Ballet's *Fille* is an old favourite in a familiar production with a standard repertory cast. Somebody really should have told the cameramen that dinner jackets were not necessary this time.

There is a lot to be said for recording the Royal Ballet as

it is, without any special frills, and Lesley Collier was the obvious choice from among the present leading dancers to play Lise. She dances the part sweetly and with dash; not so much depth or variety as some we remember, but very acceptable.

Unfortunately the obvious Colas is on the sick list. Michael Coleman filled in with his usual sturdy professionalism, but this was never one of his best roles and, now that he has added a stronger personality, there are some dodgy moments in the technique. He even danced a perty ending of the big solo; a pity not to have the definitive version going down to history.

But altogether this is hardly a definitive *Fille*. The corps de ballet is in splendid form, and anyone who reruns the video 10 years from now is likely to spot some faces around the edge of the stage of dancers who by then have become stars. The solo performances are less stellar; in fact Leslie Edwards's

jovial portrait of old Thomas, a part he created, is the only one that has not been much better done by former casts.

There seemed, incidentally, to be much overacting all round, but perhaps the cameras need that and it will look better on the small screen.

Pavarotti misses

'Ballo' opening

The management of the Royal Opera House, Covent Garden, have announced that Luciano Pavarotti will be unable to sing the opening performance of Verdi's *Un ballo in maschera* on January 15 for personal family reasons of illness.

Mr Pavarotti is, however, expected to sing *Gustavus* at the remaining performances on January 19, 22, 26 and 30 and on February 3, 6 and 11.

A further announcement concerning the change of cast for January 15 will be made as soon as possible, the opera house said.

Some of the reviews on this page are reprinted from yesterday's later editions

Henry Stanhope, Defence Correspondent, assesses the challenge-facing the man who must cut millions from the defence budget



Mr John Nott and BAOR forces in West Germany whose future is the subject of speculation.

A testing baptism of fire for Mr Nott

Mr John Nott who enters his new office as Secretary of State for Defence for the first time on Monday, will be doing so at a difficult time. True, times are always difficult for a fresh face in Horse Guards Avenue, with the Armed Forces, the Civil Service, the defence industries and a daze of technical detail to master. But Mr Nott's baptism will be more fiery than most.

During the next few weeks he will have to preside over a programme of economies whose purpose is to take several hundred million pounds out of next year's Defence Estimates. The figure includes the £200m cut demanded by the Cabinet last November and (probably) the amount by which the ministry will exceed its cash limits in 1980-81. A total figure of £600m has been adopted by the media but the ministry insists this is only a guess.

The operation will be painful but not as drastic as some recent speculation has suggested. A number of weapons and communications systems now under development will be cancelled or postponed, recruiting and training will be pruned, fuel economies will be maintained and the usual package of building and welfare schemes will be once more buried in the "pending" tray. To this extent it will be another instalment in the stop-go saga which has made a succession of defence secretaries feel more like candidates on

an assault course than shapers of policy.

The Government will not announce the dismemberment of the British Army of the Rhine (BAOR)—a rumour which recently made page one of the *News of the World*. Alongside a story headlined: "My 1,000 Sexy Nights..."—if only because this would not save enough money in a short enough time. On the other hand there is a growing consensus that more fundamental surgery will be necessary in the medium or long-term if our defence policy is to have any coherence. The growing debate has been reflected in the letters columns of this newspaper.

Speculation over the future of BAOR was fostered, intentionally or otherwise, by the outgoing Defence Secretary Mr Pym, who was inclined to the cloud on the subject without actually clarifying what he had in mind. Last year's Defence White Paper made no secret of Government concern over the "disturbing" rise in foreign exchange costs of stationing troops on the continent—nearly £750m in 1978-80. And the final offset costs agreement with West Germany expired last March.

Ironically the strength of Britain's Armed Forces is also their weakness. They are almost too well balanced. They keep a full corps and four RAF bases in West Germany; maintain the largest navy in Western Europe; assume responsibility for a huge air

'The trouble is that Britain distributes its resources so widely that at all times and in all directions there are grounds for criticism. The eggs are in too many baskets.'

defence region around the United Kingdom; operate a strategic nuclear deterrent; and still have to find troops for faraway places like Gibraltar, Hongkong, Cyprus, Belize and not-so-far-away Northern Ireland.

As professionals they expect to be well-paid, well-trained, well-equipped—and to take their families with them when stationed away from home. They need schools, hospitals, doctors, dentists, lawyers. Successive governments have been criticized for not spending enough on the Royal Navy, the Army or the RAF, for not contributing enough to one NATO theatre or another. The trouble is that Britain distributes its resources so widely that at all times and in all directions, there are grounds for criticism. The eggs are in too many baskets.

The public debate has been over whether the time has come for the Government to concentrate its resources upon either a continental strategy—strengthening British Forces Germany at the expense of the Royal Navy in the Eastern Atlantic, or upon a maritime

strategy, which would effectively mean doing exactly the opposite. But such judgments are easily made by academics who do their sums on paper, while ministers who actually have to deal with troops on the ground or ships at sea, understandably find them more difficult.

A land war in Western Europe of the kind which BAOR has been trained to fight now seems unlikely. So should not BAOR be reduced at least—along with RAF Germany? If one does this, however, one has to decide what to do with the soldiers who are withdrawn. If you keep them in Britain, ready to fly over to Germany in a crisis, you have to build or refurbish barracks for them to live in, provide them with two sets of equipment, find new places for them to train, and prevent them from growing bored.

You also have to ensure that you can fly them back to the continent in a hurry—perhaps at a time when roads, railways and airfields are jammed. On the other hand, if you discharge them from the Army you would not be able to fly them

back at all, and would add to the queues for civilian jobs—in the short term anyway.

They argue that the Navy's commitment to the Eastern Atlantic could be reduced, point out that if there were another war it would probably be short and sharp—and would be over before the Royal Navy could play much part in it. On the other hand, again, the Royal Navy represents a very special British contribution to NATO and a decision to run it down could not easily be reversed. There is simply too much investment in the navy's anti-submarine warfare (ASW) role for any Government to view this option with equanimity. The loss of two RAF squadrons which are dedicated to NATO in an anti-shipping role looks very likely, especially as the future of the Sea Eagle missile, which has been developed partly for them, now looks doubtful.

Ideally we need not another Defence Review in Britain but a NATO Review masterminded from Brussels. Mr Pym has already proposed one, and ministers will discuss it at the next meeting of the Defence Planning Committee in May. Unfortunately the European allies do not move except under pressure—and they are already under pressure from the United States. They will not have much sympathy for an impoverished Britain, especially as they think our impoverishment is largely our own fault.

The deployment pattern of NATO forces has remained virtually unchanged for 30 years and the alliance, like Britain, thinks from one political crisis to the next. Mr Nott should pursue Mr Pym's lead if only in the hope that the alliance can work out a more equitable arrangement for sharing the costs of stationing troops overseas.

If Britain has to drop one of its larger NATO commitments, most of the allies would not doubt prefer that the Government should abandon its plans to retain a strategic deterrent—or at least should select a cheaper alternative than the Trident missile. The Ministry of Defence has already started to spend money on ordering long-lead items for the Trident system and the four British submarines to be built. But cancellation would be relatively simple before the mid-1980s when the bulk of the £5,000m costs starts to fall due. If a Labour government were returned to power in 1984, cancellation of the Trident programme would be quite likely anyway.

Mrs Thatcher and her Cabinet have committed themselves so firmly to Trident that they must regard cancellation with a shudder. But the Government is already twisting and turning over its pre-election pledges on defence. Unless the economy improves more markedly than now seems likely, the Government might find this one of the more digestible options open to it.

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Geoffrey Smith

Confidence will plug the leaks

"I hope it will happen less and less," said Mrs Thatcher on television this week, speaking of her Government's tendency to leak. So she should. This Government has been more prone to leak and more divided than any Conservative administration within memory. Why? This certainly cannot be attributed to the presence of Mr St John Stevas in its ranks, so what grounds are there for believing that everything will be different in the future?

The cohesion of a government is determined partly by the influence of the prime minister, partly by the extent of the policy differences among its members, and partly by whether it feels itself to be successful. It is when things are going badly that some ministers are most inclined to dissociate themselves surreptitiously from the rest.

A prime minister can exercise a unifying influence either through exceptional skill as a chairman—like a Macmillan—or through massive personal authority. Mr Heath, for example, imposed his will on the last Conservative Government in a way that stifled dissent.

Mrs Thatcher does not come into either category. It is not her inclination, as yet, to guide the discussion until the moment comes to summarize the conclusions. Her preference is to lead from the front, with a certain relish for a good argument. She tends to state her view and in effect to challenge others to disagree. This leads to a style of government that is more stimulating for ministers, with a more open debate among them. But it also leads to a fractious life. She has a stormy relationship with some of her most successful ministers. Lord Carrington is a case in point.

It is true that she has been reverting more to a chairman's role in Cabinet, but it is hard to believe that it could be in her nature to develop into a Tory Aztec. Neither does she hold the Cabinet together by her personal authority. She is indeed a formidable person and her authority was naturally enhanced by such a large electoral victory. But she is leading a Cabinet with many more experienced members, a number of whom do not share her basic attitudes. There may also be an element of male chauvinism.

Her authority may to some extent be increased by her dismissal of Mr St John Stevas. She has shown that she is prepared to chop off the head of a minister who gives offence. This may impress the party and may for a time have a cautionary effect upon other ministers. But the operation has been botched. Mrs Thatcher has been forced into the uncomfortable position for any politician of having to protest that her words did not mean what they were thought to have meant. An executioner ought not to have to apologize.

The increase in respect that accrues to a good butcher in politics is likely to be limited in this instance. It will not be negligible, but it will not be enough to keep the Cabinet in line if there are further major differences in policy. Nothing that has been done will remove the propensity to disagree. The question is whether there will be such occasions for disagreement as to sweep aside the pressures for public unity. This is very far from being a government with a death wish. Its differences will be made manifest only when it cannot come together on issues of consequence.

There has been no shortage of these during the Government's life so far. Apart from the undercurrent of doubt over the economic strategy, there have in particular been the disputes over public expenditure and the balance of payments. Mrs Thatcher will no doubt recall that disagreement has been expressed from both sides of the Cabinet. It was, after all, she herself who recommended the Government's earlier scheme for widening industrial relations law. "Some

of us think it ought to have gone further."

A Green Paper on further reform in this field is to be published next week. It is almost impossible to propose anything in this area without attracting flak from somewhere in the Tory party, but the principal argument is likely to be whether to legislate again in this Parliament or to promise in the manifesto to do so in the next. With luck, that should postpone and restrict dispute to manageable proportions.

After the trauma of the last public expenditure cuts there is no disposition on either wing of the Cabinet to embark on another exercise of the same sort. There will always be arguments as to how public expenditure should be kept under control, but that is not so difficult as seeking severe cuts. The most contentious field of public spending in the near future is likely to be on defence. If Mrs Thatcher has appointed Mr Nott as Secretary of State in the hope of bringing the department back within its cash limits there will be some tension. The resistance of the Chiefs of Staff will be particularly formidable because they will have the support of Conservative backbenchers who were already becoming restive over the Government's intentions before Christmas. There could be trouble here.



Mrs Thatcher... tends to state her view and in effect to challenge others to disagree. This leads to a style of government that is more stimulating for ministers... but also leads to a fractious life

But the most probable flash-point is over economic strategy. In the immediate future there will be the questions of the public sector borrowing requirement and the Budget. These are not usually the subject of dispute within the Cabinet because it is the custom for members simply to be informed of the Budget proposals at the last minute. This time there will be attempts to secure a voice for the Cabinet collectively in determining the Budget strategy.

If these attempts are successful it will be a sign that the Prime Minister is far from dominating the Cabinet, because this would be a change not just of procedure but of power.

The critical point, though, will come some time before the end of the year if there are not indications that the overall economic strategy is succeeding—and is likely to be successful in time for the next election. Ministers will know that success will have to be evident during 1982 if they are to stand a reasonable chance at the next election.

One there are signs that the economic strategy is working this will become a more confident government and confident governments do not leak. But if there are not better grounds for hope within a year then the leaks and indirect disclaimers will multiply, no matter how many ministers Mr Thatcher may care, and dare, to sack.

Nor do smart clothes or the student look with faded jeans, Pepsi and Marlboro cigarettes attract attention any more; you could pass for any Muscovite keeping up with the trend, especially as Pepsi and Marlboro cigarettes are made in the Soviet Union.

But full broomball gear is still basic enough to turn a few heads and the game, even with the new restrictions and the annual additions to the rules, has now had enough publicity to keep it going for many more years. I suggested to a Chinese diplomat that his embassy might have room in its vast compound (the second largest in the world, after the Soviet Embassy in Peking) for a little rink in one corner, for Moscow's broomballs. He was intrigued but said the only suitable place had a large ornamental fountain in the middle, and that would complicate the rules immensely.

So the enthusiasts will have to make do with two rinks and abide by British notions of what constitutes a proper, silly, amateur knockabout—not knockout—game.

Michael Binyon

Professor F A Hayek on why the poor nations remain poor

The flaws in the Brandt report

developed an effective market economy; and there are countries which have become increasingly socialist and have during this period suffered a relative or absolute decline in their standard of living and their prospects. This is the "increasing gap", carried by the policies pursued by these countries and by nobody else. We need compare merely West Germany, East Germany, which 30 years ago started equally poor.

The extraordinary feature of the present positions is that the governments who bear the responsibility claim that the socialist principles which have ruined the economies of their countries should be applied internationally to enable them to continue. I am not questioning that, in the general interest, larger amounts of capital should flow from the wealthy to the poorer countries. That is how in the past economic progress spread. What I am questioning is whether this capital should go to the governments of these countries to enable them to continue with their socialist experiments, and whether the means in this form we harm rather than benefit the people of those countries. The western world seems to

have been led to its present policies by a silly kind of competition with Russia for the sympathy of those countries. But it is not from the goodwill of the intellectual elites whose misguided doctrines now govern so much of the third world, but from the growing welfare of the masses that we must hope in the long run to derive their friendship. Since the majority of the people of the Western world rightly believe that they owe their wealth to the market economy which they maintain, it would only be reasonable if they confined their assistance to the countries in which they could expect that the people at large would benefit from the investment of capital. Let the Russians assist those

governments which wish to organize their economies on the Russian model and let the "capitalist" countries assist those who wish to help to those who they will really benefit the people at large.

It is deeply to be regretted that a former Conservative British Prime Minister has joined the former socialist Prime Ministers of Germany, Sweden and elsewhere in the notorious North-South report to support the traditional fallacy that poverty can be cured by a massive transfer of wealth from the rich to the poor. This is not the place in which the basic error of this can be conclusively refuted. I can here only implore all readers who have been moved by the

specious plausibility of the Brandt Report to study the full analyses which British experts in the field have produced in the past few months published in various journals, such as Professor P. D. Henderson in *The World Economy* (June), Professors P. T. Bauer and B. S. Yamey in *Commentary* (September) and several others in the current issue of *Economica*.

They should be aware that the help should be given to the third world but merely that the methods now practised or recommended in the Brandt Report are not only ineffective but would in several ways produce effects opposite to those desired. Personally, I still believe that the alternative I suggested 27 years ago with respect to American help to Europe would equally apply to all Western help to the third world. There seems to me, I then argued, a strong case for a division of functions between American business and government.

"Let American government, while withdrawing entirely from direct lending, at the same time assume the function of guarantor against political risks, of private loans to private

foreign borrowers, and especially against the risk of the non-transferability of the proceeds of such investments. The economic risk of the particular investment—of the borrower paying interest, or dividends, and repaying the capital in his own country—would still remain entirely with the investor. The United States government would merely guarantee that any money thus paid to his credit on the borrowing country would become available in free dollars.

Such a guarantee should of course be given on a non-reciprocal basis, and on conditions made while the borrower's country abided by the undertaking on which the arrangement was based. The appropriate foundation would be an agreement between the United States and the country concerned, in which the latter undertook to refrain from imposing any obstacles to the transfer of returns from such investments, from levying discriminatory taxation, and from acts of expropriation or confiscation. In return, the United States government would agree to assume full responsibility for any debts on which, through its failure to live up to its obligations, the guarantee of the United States government became effective."

MOSCOW DIARY

I was waiting at the reception desk in the American Embassy recently when I heard voices from the corridor round the corner. Two senior political analysts were engaged in urgent discussion. "The Finnish defence attaché would probably be able to help," one said. "Perhaps we ought to have a word with him."

Clearly I was about to learn some secrets about the defence of the West. "Have you tried Sir Curtis?" the other asked. "You know Sir Curtis is under a lot of pressure at the moment," was the reply. Sir Curtis Keeble is the British Ambassador in Moscow. What could the matter be? But then it was instantly clear—and all too typical of most conversations in embassy corridors at this time of year. They were talking about broomball.

Broomball, to remind anyone who has not been heard about the foibles of foreigners in Moscow, is an extraordinarily silly game played by Anglo-Saxons and a few others in winter. It is rather like ice-hockey played seven-a-side but you wear rubber-soled shoes—making it hard to manoeuvre on the ice—and play with a child's plastic ball and Russian twig brooms

bound up with sticky tape into the form of a flail hook.

Over the years broomball, a locally invented game, has blossomed into a fully organized winter sport with a dozen or more teams from various embassies, a league table, a cup presented each year by British Airways, a set of rather arbitrary rules and a very competitive injury rate.

But this year there is something of a crisis in the broomball world, a number of key ambassadors decided they had had enough of it, partly because of the casualty rate. Since you are permitted and even encouraged to launch yourself at your opponent like a human puck whizzing across the ice, the resulting collisions, though amusing to watch, tend to knock out, literally, several good first secretaries every year. Saturdays, when matches are played, become red alert days for Moscow's British and American doctors, who did a fine job last year sewing up gashes (including my own lip) and setting broken fingers.

There was also the problem of noise. The game has to be played on a frozen tennis court, and there were only four embassies in Moscow that could provide one—Britain, Finland,

Sweden and Malaysia. Naturally no respectable team arrives without its supporters: long-suffering wives dragged out to the frequent intervals and friends who enter into the spirit of it all with a great deal of shouting, booing and rather crude instruction on what to do with this or that opposition player.

When you are in the thick of it, it's an authentic sporting atmosphere, but when you're enjoying a Saturday afternoon rest in the neighbouring embassy residence it is an unending raucous din. At least that is what the Finns found; and after an unfortunate trumpet-blowing incident last year the ambassador decided he did not want broomball on his ice any more.

A big meeting of the captains at the beginning of the season discussed retaliatory measures. Should the Finnish team, unbeaten champions year in year out, be banned from playing? It was a popular move, not least because it would then allow someone else to win the cup. But an uncharacteristically generous spirit prevailed, and instead the matches were rescheduled on only three rinks. After the first two weeks



there was a new crisis. Some people became rather high-spirited on the Malaysian ice, broke into a locked shed and used broomball language to embassy officials. And that was the last game the Malaysians allowed on their rink. Meanwhile a member of the

American marines' team—marines provide the guards for United States embassies—took a dislike to a Canadian, strode out from his goal and knocked him out.

The British Ambassador, as one of the two remaining patrons, was then in a strong position. It was, after all, the Brits who invented the game, and Sir Curtis was determined to put a bit of British fair play into it. The league has now been abolished: each match is to be a friendly, and if there has to be a knockout competition—figuratively—let it be at the end of the season when the thaw has already begun. The Marines and Finns are far from happy.

During my broom last year but was persuaded to return to the ice, or rather slush, because of the unexpectedly mild weather, on New Year's Day to play against the British Embassy team. Of course our side lost: I have never yet played on a winning side.

The British ladies deserved to win because they were so smartly turned out, blue and white uniforms with sweat-shirts saying "Great Britain" in big letters on their rinks. A good broomball T-shirt is half the

fun. It should properly have something in Russian written on it (the translation of "American Marine Corps" is very quaint and must astonish any Soviet onlookers).

Foreigners have been rather influenced by the Soviet passion for western T-shirts, and in reverse. A Russian slogan is very snob and does wonders for your status—not here, of course, but back in Britain, America or wherever.

After all, what's the fun of going home for holidays if you are not given a chance of boasting about living in Moscow? You cannot sit in the pub with your fur hat on, hoping someone will instantly take you for a Muscovite. But sport a jersey saying "Moskva" (Russian for Moscow) or a picture of St Basil's Cathedral on Red Square and someone is sure to tell you how he served on the Arctic convoys to Murmansk or once bought a Soviet camera that could never be repaired.

I have found the same gasps of astonishment can be cheaply produced by writing your home address on the back of a cheque, and having the subsequent nonchalant patzer all prepared. But I was rather taken aback a few weeks ago when I went into a well-known

clothes shop in England and made a great show of exclaiming over the magnificent shiny black plastic bag the shirt I bought as placed in.

Did you know, I asked the shop assistant, that where I live these bags can be sold on the black market for a great deal of money? "Oh yes, I know," he replied coolly. "You must come from Russia." I had forgotten that I had told him exactly the same thing a year earlier.

Off the broomball rink it is more difficult to show off your status in Russia. Of course a useful skill will produce the usual curious stares, especially if it is one totally unsuited to Moscow's roads and climate—a flashy American sports model, for example, which can be guaranteed not to start in the cold mornings and need expensive spares from halfway around the world. One well-known conductor at the Bolshoi has such a car—white, expensive and has thus achieved the ultimate in status symbols. But nowadays it is not as rare as it was to see a Mercedes with Soviet number plates. I once even saw a new bright yellow Morgan cruising down the streets of Yerevan, the capital of Armenia.



SANDRINGHAM

Miss Marjorie Moller, headmistress of Headington School, Oxford, 1934-59, and Warden of Denman College (National Federation of Women's Institutes), 1959-64, died on January 1 at the age of 81.

THE TIMES

BUSINESS NEWS

هكذا من الأصل

LEGGE 5-LEVER SECURITY LOCKS
Get some real protection from LEGGE

LEGGE 5-LEVER SECURITY LOCKS
Get some real protection from LEGGE

Stock markets
FT Ind 459.3 down 0.9
FT Gilts 70.45 down 0.15

Sterling
\$2.4045 down 85 points
Index 79.0 unchanged

Dollar
Index 86.0 up 0.6
DM1.9625 up 170 points

Gold
\$575.00 down \$2.50

Money
3 month sterling 141.14%
3 months Euro 5 18.17%
6 month Euro 5 16.12.16%

Dow Jones index falls in heavy selling

The Dow Jones industrial average fell 15.19 on Wall Street to close at 955.70 and declines led advances by 1,022 to 367. Volume contracted to 55.53 million shares from a record 92.85 million traded the previous day.

The steep market fall on Thursday came after Mr. J. Granville, who publishes the *Granville Market Letter*, sent telegrams to clients to sell because the market had "peaked".

Man who shook market, page 15

Polish debt talks

A delegation from Poland's foreign trade bank, Bank Handlowy, was to arrive in London last night for further preparatory talks with British Treasury and Trade Department officials today, ahead of next Friday's inter-government talks in Paris.

Tartan field start-up

Production from the Tartan field in the North Sea, started yesterday as oil from the first producing well, above, began flowing through the 145-mile pipeline to the Orkney Islands. Initially the oil will flow at around 10,000 barrels a day from the field, operated by Texaco, the United States multinational.

First SDR issue

The first certificates of deposit denominated in Special Drawing Rights have been placed following the launch of this new market in London on Wednesday. They were issued by Hongkong and Shanghai Bank to Charterhouse Japhet and another bank. Brokers to the issue were Godsell.

Zimbabwe credit line

United Kingdom companies will be able to obtain finance for exports to Zimbabwe of their capital goods and associated services under a £20m line of credit guaranteed by the Export Credits Guarantee Department.

£54m water contract

Paterson Candy International, a subsidiary of Fortis Holdings, has won a £54m contract to supply and supervise the erection of plant for the Karth scheme to supply drinking water to Baghdad, Iraq. The contract is expected to last for five years.

New Dan-Air service

Dan-Air, the British independent airline, is to open a scheduled service between Amsterdam and Berlin from April 1. The service will operate twice daily between Monday and Friday.

Port Talbot men endorse the MacGregor plan for survival

By Peter Hill
Industrial Editor

Workers at the Port Talbot plant of the British Steel Corporation in south Wales have accepted in principle the corporation's survival plan.

Production at the plant is to be increased, but a further 700 workers are to lose their jobs by the end of March taking total redundancies there to nearly 7,000 since the end of 1979.

The Port Talbot agreement represents a significant step in the corporation's attempts to win staff support for the strategy which involves a number of plant closures, the shedding of at least another 20,000 jobs and acceptance of a six-month wage freeze until the end of June.

The corporation is presently balloting its entire 130,000-strong workforce on the plan. Mr. Ian MacGregor, the BSC chairman, has made it clear to the corporation's employees that the support for the plan, expressed through the ballot being conducted by the Electrical Reform Society, is an essential prerequisite for his negotiations to persuade the Government to provide a further £750m to BSC this year.

But the Port Talbot decision is also significant for other reasons. It was considered by many observers to be among the most at risk when the plan was being formulated. Even though the plant was given a stay of execution when the plan was disclosed last month amid through the industrial unrest in the Orkney Islands, the alliance between the miners, steelworkers and railwaymen, its future beyond mid-year remained uncertain.

Equally it is now clear that negotiations with workers at plants throughout the corporation are being conducted on a multi-union basis. Further announcements of agreements are expected to be made by BSC in advance of the result of its ballot to be declared on January 16.

The strategy of negotiation at local level, however, has come under attack from the

industry's principal union, the Iron and Steel Trades Confederation, which is conducting its own ballot and which is urging its members to reject the corporation plan. Mr. William Sims, the general secretary of the ISTC, earlier this week attacked the BSC and accused the management of pre-empting its own ballot. As part of the same exercise BSC has put forward plans for cutting 3,700 jobs on Teesside.

Unions representing craft and general workers have advised their members to accept the plan and similar advice is being given by the National Union of Blastfurnacemen and the Steel Industry Management Association.

The discussions with representatives of the Port Talbot workforce began before Christmas. Last night BSC said that as a result of the agreement in principle, 700 more jobs would be lost, affecting all grades, by the end of March but production would be scaled up from the 1.4 million tonnes of liquid steel under the so-called "slim-line" scheme for the south Wales steel plants, to 1.7 million tonnes a year. The further reduction in the labour force is designed to improve productivity and cut costs.

Under the original "slim-line" operation, the labour force was to be reduced from 12,500 to 6,200. About 400 under that programme but by the end of the exercise the plant labour force will be reduced to 5,500.

The corporate plan requires a cutback in BSC's overall crude steel production from 15 million tonnes annually to 14.4 million tonnes. The hoped for reduction in costs will lead to more competitive prices and higher sales of steel producing benefits for employees through locally negotiated lump sum bonus schemes.

BSC is this year receiving more than £1,000m of government cash and Sir Keith Joseph, the Industry Secretary, is expected to make a statement on the corporate plan later this month.

UK settles Indonesia trade dispute after talks on textile quotas

Jakarta, Jan 8—Tentative settlement today of a six-month-old trade dispute between Indonesia and Britain clears the way for several hundred million pounds worth of business.

Mr. Norr, who was returning to London tonight to start his new job as Secretary for Defence, said he was providing the Indonesians with a list of projects and businesses in which Britain was interested.

A British-Levian representative said he believed a \$3.5m (£1.5m) contract secured on Tuesday night for 25 double-decker buses was concluded only because of Mr. Norr's visit.

The minister said in an interview: "Today, we have got relations back on a rational, agreed basis and that's the best way to have it."

He said Mr. Prawiro had assured him that business relations, badly threatened by the trade argument, would now be quickly reestablished, and they had already discussed potential British investment here.

The agreement, which has to be ratified by the European Commission, would allow Indonesia to send 700,000 trousers, 500,000 blouses and 800,000 men's shirts to Britain in 1981.

This is just under two-thirds of the total number of garments Indonesia exported to Britain last year, largely before the quotas were announced.

It is considerably more than the July quota of 315,000 trousers, 171,000 men's shirts and 225,000 blouses, and will probably include a few garments still sitting in bond in Britain.

Britain, according to official sources—Renter.

Derek Harris writes: It is expected in London that Brussels will not oppose the settlement with Indonesia. It is also felt that a reasonable bargain has been struck because of the number of British contracts that were at risk, initially involving some £10m worth of trade including grain processing equipment, bridge construction and aircraft sales.

But a large number of other contracts are now expected to go ahead, including many from the Indonesian public sector.

Although the new textile quotas are above those imposed by Britain for the first four months of this year, they are well below actual 1980 imports in the case of trousers and shirts. Last year, Indonesia exported to Britain 1.6m trousers and 1.5m shirts. But only 231,000 blouses were im-

ported compared with the new quota of 500,000.

Deal welcomed. The British Clothing Industry Association in a statement welcomed "with reservation" the agreement with Indonesia.

Mr. Gerald French, the association's director, said: "We are pleased that the Government refused to give in to the excessive demands made by the Indonesians and that the quotas agreed for two product categories, trousers and shirts, are lower than 1980 import levels."

However, it should be noted that the quota levels represent twice the 1979 import levels of trousers and blouses and four times the 1979 levels for shirts.

"We are disappointed that the provisions contained within the Multi-Fibre Arrangement designed to control such rapid increases in imports have not been more effectively applied."

Imports take record 56.7pc share of British new car market

By David Hewson

Foreign cars took a record share of Britain's car market during 1980, taking 56.7 per cent of domestic production, up from 53.6 per cent to its lowest level since 1957.

But BL's new Mini Metro has made an encouraging debut, becoming the nation's third most popular car in December, and there are signs that imports are on the wane.

According to the Society of Motor Manufacturers and Traders, the Metro, cornerstone of BL's revival, was only a few hundred sales short of ousting the Ford Cortina from second place last month.

The recovery in BL's fortunes was indicated by its increase in market share to 25.1 per cent last month compared with 16.14 per cent a year previously.

Overall the State-owned car company took 18.22 per cent of the market, less than 1979's 19.63 per cent but higher than many expected after BL's disastrous sales record at the beginning of the year.

United Kingdom car output fell to 324,000, below the one

million mark for the first time since 1957. In 1979 the industry produced 1.07 million cars and output had peaked in 1972 at 1.92 million, according to figures from the Department of Industry.

Manufacturers had expected production to bottom out at about 900,000 and the eventual figures have confounded even the worst estimates.

In the face of domestic output, the imports share of 56.7 per cent of all sales compared with 56.28 during 1979. The Japanese lifted their market share from 10.8 per cent in 1979 to 11.9 per cent while imports from EEC countries, East Europe and Sweden fell.

Imports from other countries, mainly Spain, rose from 3 per cent to 4.7 per cent of all sales. In December, however, imports ran at 44.06 per cent, the lowest level since March 1978, and the fourth consecutive month when imports were below the level of the same months in 1979. In December, 1979, almost six out of every 10 of all sales had been foreign cars.

Total sales during 1980 were the fifth highest ever recorded

at 1.5 million, but 11.8 per cent below the record 1979 total of 1.7 million.

Ford took the three top sales places during the year with the Cortina, Escort and Fiesta, followed by BL's Austin Morris Mini, the Marina and its replacement, the Ital.

Ford increased its market share to 30.7 per cent from 28.29 per cent in 1979, the cars being produced in Ford factories in Britain, West Germany, Belgium, Ireland and Spain.

The company's penetration in December was 34.5 per cent compared with 30.97 per cent the previous year.

Commercial vehicle production has been less badly hit. Output fell from 408,400 in 1979, the fourth highest figure of the decade, to 389,100, a reduction of 4.7 per cent.

Ford achieved its highest-ever market share of 32.9 per cent in the commercial sector sales, 11.5 per cent higher than its nearest rival, BL. More than one in six commercial vehicles sold during 1980 was a Ford Transit van.

Overall sales fell by 11.4 per cent.

Nine Spillers directors share £1.7m payment

By Philip Robinson

Nine former directors of Spillers, the food group, left with "golden handshakes" totalling £1.7m, it was revealed yesterday in a court case.

The last director left in July 1980, the majority went in June.

The accounts also show that, since last January, a house which was formerly owned by the company was sold to Mr. Vernon for £155,000.

Mr. J. Michael Hoare was managing director of Coral which was taken over by Bass the previous month. He was paid an £82.5m deal. There was still three years of his five-year contract to run at a current salary of £42,000.

But Mr. Hoare said last night: "I have made an agreement with Bass that the amount of compensation I am being paid should not be disclosed. I have agreed a package with them."

Mr. David Donno, Dalgery chairman, said: "There are now no Spillers directors left and no further payments to be made. The last director left in July 1980, the majority went in June."

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Rank to restructure management

By Andrew Goodrick-Clarke
Financial Editor

Rank Organisation, one of Britain's leading profit earners mainly because of its investment in the Rank Xerox copying machine business, is to restructure its management structure.

At the same time, Mr. Harry Smith, the group's chairman, says he will retire in April 1982 to be succeeded by Mr. Russell Evans, aged 58, the present group managing director.

The organisational changes will reduce the present 11 divisions to four. One casualty is Mr. Edmund Chilton, aged 51, who has been with Rank for 25 years and who was one of two group executive directors directly under Mr. Evans.

Mr. L. H. Bond, director of

personnel and corporate relations for Rank, said that the departure of Mr. Chilton, who was responsible for leisure services and hotels, was amicable. He would be compensated strictly in accordance with the terms of his contract.

Some of Mr. Chilton's responsibilities are now taken over by Mr. Bobby Butlin, aged 46, son of Sir Billy Butlin, the late holiday camp operator. He joined the main board of Rank last month and now becomes managing director of a new hotels and holidays division.

Mr. Brian Smith, aged 52, will become deputy managing director of the group, and will succeed Mr. Evans as managing director of Rank next year.

Mr. Jim Daly, aged 42, is to be managing director of a new

whereby I will act as a consultant for them for six months, which changes the basis of the compensation payment."

Mr. Hoare is the first Coral director to leave under a mass men's reshuffle at present being carried out by Mr. Derek Palmer, the Bass chairman.

Mr. Hoare joined Coral on a consultancy basis in September 1976 and later was invited to the group's first managing director. He played a major part in Coral's takeover of the Centre Hotels group and their buying of Pontins's holiday camps.

It is understood that the way Bass intend restructuring Coral is to disperse with the board of directors, selling Coral's head office building and eventually bringing the business under the direct control of the Bass main board.

Mr. Hoare added: "I dis-

cussed the position with Mr. Palmer and there was no obvious slot for me. It might be different with other Coral directors."

His departure cast an immediate question mark over the future of Mr. Nicholas Coral, the Coral chairman, a former partner by Sir Maxwell Joseph's Grand Metropolitan to buy the group, Mr. Coral would have received a £300,000 golden handshake. But Bass has already indicated that it does not consider itself bound by any previous agreements with other companies, regarding compensation.

Mr. Coral returned to the United Kingdom on Wednesday after being out of the country for some time. He is expected to be discussing his future with Mr. Palmer over the next few days.

BP company in \$10m US deal

By Bill Johnstone

Scicon, a wholly-owned subsidiary of BP, has acquired Systems Control Inc (SCI), of Palo Alto, California, for a sum thought to be over \$10m (£4.17m).

SCI is similar to the systems consultancy side of Scicon. It is involved in applying advanced engineering and computer methods to solve a wide range of problems in energy, defence, and transportation.

The acquisition will enhance Scicon's American operation which presently employs only a handful of people in San Francisco.

SCI, which was formed in 1969, has 500 staff and a turnover of \$25m.

The deal will mean that Scicon has a total of 2,000 employees and a projected turnover in 1981 of £60m, counting its sister company in Germany and its computer bureau operation in Milton Keynes, Buckinghamshire.

SCI's main operations outside America will give Scicon bases in South America, the Middle East and China. The company also operates in Mexico, Venezuela and Saudi Arabia.

Scicon is hoping to provide a range of computer related services, and with SCI's help hopes to qualify to bid for NATO contracts in the middle East and United States defence contracts.

The deal is expected to be completed on February 28.

Dollar gains on hopes of interest rates rise

By Frances Williams

The dollar followed through Wednesday's recovery by making further gains against all major currencies in the London foreign exchange market yesterday.

Starting proved considerably more resilient than continental currencies, though its rate against the dollar slipped by 85 points to \$2.4045 at the close of trading. Its effective exchange rate against a basket of currencies was unchanged at 79.0.

The dollar ended London trading up 1.70 pence at DM1.9625, having regained much of its losses at the beginning of the week. Its trade-weighted index was up 0.6 at 86.0.

The dollar's strength is largely the result of firmer Eurodollar interest rates coupled with market expectations that interest rates in the United States are unlikely to fall from their present levels and may well rise again shortly.

These expectations came to the fore after Wednesday's statement by Mr. Paul Volcker, chairman of the Federal Reserve Board, that the Fed was determined to maintain tight money policies, and the Fed's decision on the same day to raise reserves from the banking system under a Federal funds rate at around 18 1/2 per cent.

This has been taken as an indication that the Fed does not wish interest rates to fall sharply.

Belief that United States interest rates may have bottomed out for the time being was strengthened when Chase Manhattan and the First National Bank of Chicago yesterday announced cuts in their prime rates from 20 1/2 to 20 per cent.

This leaves Chemical Bank, which earlier in the week cut its prime rate to 19 1/2 per cent, out of step.

Other big banks with prime rates at 20 per cent are Marine Midland and Morgan Guaranty. Most other leading banks remain at 20 1/2 per cent.

The dollar was also helped yesterday by a prediction from Mr. Fred Bergsten, Assistant Treasury Secretary, that the United States balance of payments would show a \$10,000m surplus on current account in 1981.

Dealers attributed the relative strength of sterling to its status as a petro-currency and United Kingdom interest rates which, while lower than dollar rates, are the highest in Europe.

Kielland rig is declared a loss

By John Huxley

Alexander L. Kielland, the accommodation rig which capsized in the North Sea last March with the loss of 123 lives, has been declared a loss by its Norwegian insurers.

Compensation of 320m Norwegian kroner (about £25m) is to be offered to Stavanger Drilling, the owners of the rig at the time of the accident in which more than 30 Britons died. Lloyd's confirmed yesterday that about two-thirds of the loss value is covered by re-insurance in the London market.

The group of insurers made its decision after spending an estimated £55m in an aborted attempt to right the 10,000 ton rig, which is now lying in the Gandsfjord, near Stavanger. The salvage attempt, and subsequent operation to return the rig to its capsized position, were carried out by a consortium including SD Marine of Southampton.

The future of the rig, which still contains an estimated 39 bodies, remains unresolved, and the insurers yesterday said that their decision did not rule out the possibility that a further salvage attempt would be made.

The Norwegian Government has indicated that it wants the bodies recovered, and that the rig should be moved from its present location, where it is a potential hazard to other shipping.

Yesterday, an official of Stord, a leading member of the insurers' pool, said it was likely that the group would assume ownership of the rig. It was considering five offers to buy the rig but the names of the bidders have not been disclosed, although they are known to include Briscoe International of the United States.

SD Marine and its joint venture partner have already had talks with Briscoe about a new salvage attempt, using the revolutionary computer-based techniques tried in the first attempt. The consortium maintains that these would have been successful had not the attempt been halted by the Norwegian authorities.

Talks over compensation for cancellation of the original contract are still going on.

Meanwhile, publication of the report of the official inquiry into the disaster which had been postponed is expected within the next few weeks.

The Kielland capsized in a heavy storm in the Norwegian sector of the North Sea after one of its five legs collapsed.

Lords reject higher sugar production

Increased beet sugar production within the European Community was unjustified and represents a dangerous trend, according to the House of Lords committee on the EEC in a report published yesterday.

The committee, under the chairmanship of Lord Walton, a former Labour Minister, had examined draft regulations put forward by the European Commission on sugar production. It received evidence from the British Sugar Corporation, the Cane and Biscuit Alliance, the London Sugar Refiners' trade unionists, Tate and Lyle, and the Transport and General Workers Union.

It concluded that, in spite of the high prices prevailing on world markets, the level of European sugar production and exports remains too high, in view of the cyclical nature of the international sugar market.

PRICE CHANGES

Rises					
AKZO	15p to 350p	East Dego	10p to 113p		
Arg-Latham	10p to 245p	Degeal	7p to 97p		
I. Bibby	10p to 232p	Hammerman 'A'	15p to 585p		
Burnett H'shire	15p to 858p	L. Joseph	15p to 198p		
Dana	51 7/32 to \$104	Triplex Formed	2p to 30p		

Falls					
De La Rue	20p to 755p	Kinross	42p to 686p		
Farwell Elect	10p to 358p	Middle White	50p to 850p		
Gas & Oil Acre	10p to 470p	ML Hides	20p to 250p		
Global Nat Res	50p to 405p	Rustenburg	25p to 240p		
Husky Oil	20p to 710p	Western Areas	34p to 353p		

THE POUND

	Bank sell	Bank buy	Bank sell	Bank buy
Australia \$	2.10	2.02	Norway Kr	12.82 12.27
Austria Sch	35.00	33.00	Portugal Esc	134.00 126.00
Belgium Fr	78.50	75.00	South Africa R	4.21 2.86
Canada \$	2.92	2.84	Spain Ptas	194.50 186.00
Denmark Kr	15.05	14.32	Sweden Kr	10.82 10.42
Finland Mk	9.61	9.16	Switzerland Fr	4.41 4.20
France Fr	11.20	10.75	USA \$	2.46 2.39
Germany DM	4.87	4.65	Yugoslavia Dnr	83.50 78.50
Greece Dr	132.50	125.50		
Hongkong \$	12.75	12.15		
India Rupee	1.31	1.25		
Italy Lit	2310.00	2290.00		
Japan Yen	508.00	482.00		
Netherlands Gld	5.30	5.07		

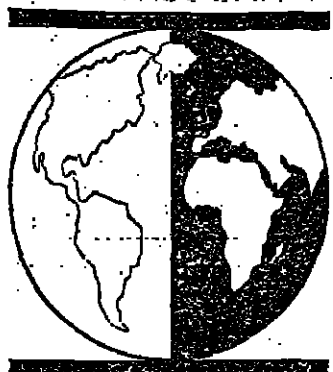
Notes for small denomination bank notes only, as expatriated yesterday by Barclays Bank

Differences apply to travellers' cheques and other foreign currency

Cement maker's diversion needed to quarry limestone under road

Company invests £5m in rerouting the A1

Blue Circle, the cement maker, has spent £5m to divert a section of the A1, the main London-Edinburgh trunk route, so it can dig a hole in the original road. Traffic used the new four-mile stretch, near Dunbar, East Lothian, for the first time this week.



Antitrust trial to go ahead

A United States district court has ordered that the Justice Department's civil antitrust case to break up the American Telephone & Telegraph Co. should go to trial as planned on January 15, despite a request by both sides for a postponement because of what the court called agreement on a framework for a settlement.

Lawyers for both sides made the request orally to Judge Harold H. Greene, who has been prodding the parties to move faster in the six-year-old Sherman Act case.

Judge Greene denied the request in a partly worded six-page order issued hours after AT & T and Mr Sanford M. Litvack, the assistant attorney general, confirmed a report published in the Washington Star that settlement talks had been under way and had made progress.

The judge said he was refusing to postpone the start of the trial because he regarded the settlement talks as incomplete.

Tokyo interest plea

The Bank of Japan has been urged to reduce further the official discount rate at an early date from the present 7.25 per cent a year. The request for a rate reduction came separately from Mr Toshio Konoto, director-general of the official Economic Planning Agency, and Mr Shigeo Nagano, president of the Japan Chamber of Commerce and Industry. The size of the previous cutbacks by the bank has been considered unsatisfactory by industry leaders.

US surplus expected

Mr C. Fred Bergsten, the United States assistant treasury secretary, said in Washington he expects a current account surplus of \$5,000m (about £2,083m) in 1980, and a surplus of \$10,000m in 1981. The 1980 surplus would be achieved by a \$25,000m deficit in the merchandise trade sector, and a \$30,000m surplus in the services sector, he said.

Alcohol in petrol

M. André Giraud, the French industry minister, will introduce a plan soon to encourage the use of vegetable-based alcohol in petrol, a ministry spokesman said in Paris. The ministry refused to confirm or deny a report that the plan would start with a decree allowing oil companies to dilute petrol with up to 15 per cent alcohol.

Ula field costs mount

BP Petroleum Development of Norway is looking at ways to reduce start-up development costs for the Ula field in the Norwegian sector of the North Sea, a spokesman said in Oslo. Development costs under present plans could rise by about 40 per cent from original estimates of 7,200m crowns (about £57m).

Uranium pact row

Australian Opposition members have criticised an agreement signed on uranium sales to France on grounds that safeguards were inadequate. Mr Thomas Uren, the former deputy prime minister, described the agreement as a record of gross irresponsibility in nuclear matters.

Honda-Fiat talks

Honda, Japan's fifth-largest car maker, is negotiating an agreement with Fiat of Italy to manufacture motor cycles in Italy. Honda already turns out 3,000 motor cycles a month in Italy through IAP Industrial Corp, which is 56.2 per cent owned by Honda.

Reagan tax cut date

Financial advisers to Mr Ronald Reagan, the American President-elect, have still not decided whether a 10 per cent tax cut for 1981 should begin on January 1 or July 1. Mr Kevin Hopkins, a Reagan administration spokesman, said in Washington.

Swiss retail sales up

Swiss retail sales in November 1980 were 3.6 per cent higher than in October and were up 7.8 per cent from November 1979, the federal government says, noting that the increase resulted from greater sales of food, beverages and tobacco.

Orders index falls

The index of incoming orders for West German manufacturing industry, base 1976, fell 2.9 per cent seasonally adjusted in November after an upwards revised 1.9 per cent October rise, provisional economics ministry figures in Bonn show.

Wine output slump

France's wine production was 17.2 per cent below that of 1979, because of bad weather. French growers produced 69.2 million hectolitres of wine last year, compared with 83.5 million hectolitres in 1979.

Budget deficit steady

The French government's budget deficit for the first 11 months of 1980 stood at 41,590m francs (about £3,880m), only slightly above the short-fall of 41,110m francs in the same period of 1979, the economics ministry said in Paris.

In last quarter 160 businesses on average ceased trading every week

Record number of liquidations

More companies than ever went out of business in 1980, according to Dun & Bradstreet, the business information group. In the final quarter of the year an average of 160 companies a week went into liquidation.

By the end of the year 6,814 companies had gone into liquidation in England and Wales, 30 per cent of them in the final three months of the year. The deepening recession not only put more companies out of business than in any single previous year but also increased commercial debt, and reduced new starts.

Although about 143,000 new firms or partnerships were at least provisionally registered in 1980, of which 67,000 were new companies, Dun & Bradstreet says that a better economic climate would almost certainly have seen more companies emerging.

Meanwhile, the commercial debts of surviving companies passed on for collection to Dun & Bradstreet alone rose above £33m last year, and the number of bankruptcies rose by 10 per cent.

Orders for chemical complex may bring 10,000 man-years of work

By John Huxley

Up to 10,000 man-years of work for process plant suppliers could be provided by orders for the £300m ethylene cracker being built by Esso Chemical at Milford Haven.

Contracts to supply the heavier items of equipment for the complex are expected to be placed in the first quarter of this year, and the value of those for hardware alone is put at about £140m.

The Process Plant Association, whose members have been struggling to survive the gradual drop in orders over recent years, has been pressing hard to ensure that the bulk of these orders are placed in the United Kingdom.

Yesterday, representatives from about 100 process plant companies attended a presentation by Mr Jimmy Knox, Esso's project executive, at which the company's plans for the order were outlined. Lummus, the main contractor, was also represented.

The meeting in London was the first occasion on which in-

dustry leaders have met a large potential client together. Later, the Process Plant Association said that the experiment would be repeated.

Mr Tony Teague, president of the association and a director of Babcock International, said that the meeting had helped to create "the right climate in which our members can market and sell process plant for major projects."

Members now have a much better idea of Esso's requirements and, indeed, of the problems. This is the only petrochemical plant of any real size due for construction in the immediate future and represents as many as 10,000 jobs for 12 months in the process plant industry.

Next week, the association will have talks with officials at the Department of Industry, whose support it has tried to enlist in its campaign to win a large share of the Mossbora contracts.

Esso has made it clear that it would prefer, if possible, to place the majority of contracts

in the United Kingdom, and that it sees clear advantages in doing so. Lines of communication with suppliers would be shorter, for example.

However, Mr Knox is understood to have emphasized again the priority attached by Esso to quality, delivery on schedule, and price when ordering.

Among the issues raised by association members was the fact that the competitiveness of British tenders of present domestic and overseas steel prices.

Mr Harry Hornsby, the association's director general, explained that there was confusion over price comparison, although it seemed that some large users of British steel were at a disadvantage when competing with overseas rivals.

However, the British Steel Corporation had indicated that it would help by showing its "flexibility" in its dealings with large users.

The process plant industry has an annual turnover of about £2,000m and employs about 10,000 people.

specified what these lengths may be.

In Scotland and Wales, "even amusement machine manufacturers are chasing small debts owed to them by clubs and amusement arcades," the report says.

More small businessmen in Wales have found a simple answer to their problems and "moved" overnight, leaving a pile of unpaid bills behind.

In Scotland, where orders are well down and textile and engineering businesses are vanishing fast, lack of cash is preventing debts being pursued through the courts.

However, the long list of closures and the lack of orders led to a demand for credit falling off in the last two months of 1980, after a steady rise for most of the year.

Business is apparently less buoyant for the business information group in Northern Ireland. Dun & Bradstreet is exhorting industry to check their customers' credit standing there very carefully, as more companies go into liquidation.

Catherine Gunn

Prices of canned beers set to rise

By Derek Harris

Commercial Editor

A rise in canned beer prices is the take-home trade, represented largely by the supermarkets, is expected to go through from next month, according to a survey of the industry.

In most cases it means the first increase for a year. Prices charged to the take-home trade have been the target of increasing criticism from public house owners, who fear the brewers have been discriminating heavily in favour of the supermarkets in order to increase their individual market shares.

Mr Arnold Elliott, president of the National Union of Licensed Victuallers (NULV), the brewers' trade association, yesterday welcomed the price increases as a "responsible action" by the brewers. But he said it was "not enough".

He barely restored the balance between prices to the take-home trade and public houses, he said, as prices to the supermarkets would hold for a year, those to the public houses would not necessarily do so, he said.

Allied Breweries is raising its canned beer prices and Esso will do the same in the middle of the month. Courage, the Imperial Group subsidiary, is expected to raise prices this month and Whitbread is believed to be considering increases next month.

The wholesale price rises represent increases of around 13 per cent.

Average beer prices in brewery-owned outlets rose by around 21 per cent in the year to last autumn, compared with 12.8 per cent in supermarkets and 14.7 per cent in clubs.

The rise is claimed by Mr Colin Mitchell, a leading drinks analyst at Buckmaster & Moore, the London brokers.

Mr Mitchell has been among those warning that such wide differences in pricing could jeopardise the ties between the brewers and public houses.

He has become increasingly anxious at the number of public house closures. It fears closures will increase this year despite the brewers' moves on prices to supermarkets.

Canned beer, largely sold through supermarkets, accounts for more than 10 per cent of total beer production.

Brewers could still continue to give supermarkets advantages such as low-price promotional offers and longer credit periods.

Mr Mitchell has claimed that some brewers have in the past been sold as loss-leaders to supermarkets.

But Mr Mitchell has forecast that more brewery closures are likely, to reduce the imbalance between production and demand. He believes brewers will now offer fewer low-price promotions and less generous credit terms.

The NULV has already noticed some signs of a decline in the corporate sector but a growing belief in the trade that advantageous free trade deals, benefiting the clubs, are on the decline.

The brewers, faced with a probable future downturn in production over the next few months are under pressure to improve their individual market shares in the free trade.

M. G. G. Pillai

In Kuala Lumpur

LETTERS TO THE EDITOR

Broader experience for engineers

From the Executive Secretary of the Council of Engineering Institutions

Sir, Your recent report ("Room at the top for engineers", December 21) on the professional backgrounds of those recently appointed chief executives in British industry disclosed that those with a sales and marketing background are most favoured while engineers do poorly by comparison.

It would be a cause for serious concern if these two routes to the top were to be seen as mutually exclusive. They are not regarded in that light in Germany, for example. Many of the most able German engineers spend part of their working lives engaged in the commercial side of their firms' activity—particularly in marketing and sales. At the same time, the top management of German companies includes a much higher proportion of engineers than is common in the United Kingdom. The combination of engineering and commercial experience makes them widely employable in general management.

It seems unlikely that German industry adopts a policy of giving engineers commercial

experience solely to improve their career prospects. It is much more likely that they see advantage in having strong engineering representation in the highest reaches of management provided the engineers have previous commercial experience. They may also consider the other side of the same coin and conclude that the marketing of high technology products benefits from a direct involvement of engineers.

In the selection of very senior executives, personal qualities are of course as important as professional background and, in any case, the practice in one country may not be entirely relevant to another. However, the disparities in this matter between the United Kingdom and Germany seem striking enough to deserve further study. Perhaps we should be working towards a situation in which more of our executives describe their background as engineering and marketing rather than one or the other.

DENYS WOOD, Council of Engineering Institutions, 2 Little Smith Street, London SW1P 3DL

Defending home industry

From Mr A. A. Benjamin

Sir, Mr Bourlet's letter (December 30) is an undignified plea for consumerism. He proposes that we could evolve a new "CAP" (from which Britain suffers agriculturally) for cars, for Britain and, indeed, Europe is not flooded with Japanese cars and others due to the protectionism of the Japanese Government. He sees Britain as a service economy and quotes Cobden to suggest that protectionism disturbs the peace.

Twenty years of protectionism by many industrialized countries has caused many obvious wars that I can recall.

He omits some hard realism. Like the protectionism by the Japanese and many other countries, which has effectively excluded imports while they build up their own industries. Examples are numerous but cars, computers, telecommunications equipment and domestic electronics will do.

Like the fact that there is a real threat that their "service" industries will colonize ours as we have done in the past. Industries are based on a sound home manufacturing structure. An example is the strong advance by Japan and France in telecommunications, banking, international project management, information technology. Heaven forbid if consumerism becomes the dominant trading philosophy in Britain. What we need urgently is significant new investment in highly automated manufacturing to make products which are well designed and innovative and which we can sell

abroad. Furthermore, this investment should be made against a national industrial strategy reached with consensus by government and industry.

Our service industries in the past have flourished because of our manufacturing strength, not in spite of it. If we do not need car manufacturers, soon we shall not need steel, ships, turbines, aero engines, computers, electronics, etc.—they will always be "relatively" (this word) cheaper elsewhere, because consumerism does not account for strategic capability, employment, technology spin-off and asset building within the nation.

Mr Bourlet's letter reminds me of the real danger. This lies in the concept that if one buys a product cheaper from a state-subsidized, protectionist government somewhere, then that is preferable to the development and rebuilding of our own industries. Rich investment trusts, with their earnings coming from overseas investments, will then pay the pensions of a sullen, cynical, largely unemployed British people, who will have no spare money to buy the cheaper imported consumerism Mr Bourlet applauds.

Neither British nor European industry will then pay the concepts preached by Mr Bourlet—they are too preoccupied generating the wealth to sustain and build the service industries of the future.

A. A. BENJAMIN, The Chequers, West End Lane, Pinner.

Credit card surcharges

From Mr F. H. Aldous

Sir, As a major petrol retailer, we question the principle behind the surcharge on credit transactions currently being imposed by many petrol filling stations. It is doubtful whether this was the immediate intention of the Monopolies and Mergers Commission and we are surprised that the Motor Agents Association, which we, in content, disagree when recommending that credit card companies should abandon the "non-discrimination" clause in favour of allowing traders the right to fix a differential price for goods and services bought by credit card.

In the light of the fact that no decision has been reached on the commission's report, which is only now being discussed by the Office of Fair Trading, it is unfortunate that various petrol retailers, who are not petrol retailers, have made their recommendations.

At the present time, credit card companies charge a commission out of proportion to the work conducted. Much of the administration and documentation, claimed by the credit card companies to justify the 2 or 3 per cent commission, is more than shared by the petrol filling station. In addition, the credit card companies receive unpaid, widespread exposure via the petrol station, the credit card company, two to three per cent, definitely too high, particularly in the case of smaller filling stations who pay about 2.9 per cent. We would rather see the rate of commission reduced to 1 per cent, and it is to this end that the Monopolies and Mergers Commission should have made their recommendations.

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Origins of building societies

From Mr John Girkin

Sir, In his letter (December 30) Mr W. Lunn, a building society manager, asked a very revealing question: "Why are we in the building societies different?"

Like some other people in the building society "movement", he seems to have forgotten that these societies grew up in the nineteenth century as cooperative institutions under the control of their members and strongly motivated by mutual principles.

Current legislation is based on the assumption that they are still in practice mutual institutions. This is why they benefit from various privileges not available to banks or other companies. However, building societies have gradually left behind their mutual roots. Branch managers tend to adopt a paternalistic attitude to members. The interests of members, which ought to be paramount, are often subordinated to those of the societies' "business connections" as previous correspondence has shown.

At the top of every society sits a board of directors. These self-perpetuating oligarchies are made up of people who are invited on to the boards by existing directors. A major qualification seems to be that they are friends of one or two existing board members. No ordinary member stands a chance of being elected.

Similarly, the ordinary member finds it extremely difficult to find out about his society's affairs. It is even more difficult to influence them. Most annual general meetings are purely formal events with only perfunctory reports to the membership.

Not surprisingly, building society directors and their employees like Mr Lunn have forgotten—or have decided to ignore—why building societies ought to be different.

Yours faithfully, JOHN H. GIBSON, 63, DUMFRIES PARK DRIVE, Broadstairs, Kent.

Saving business records

From Miss Anne Pigott

Sir, Recently, correspondence from December 23, January 2) on archive resources has left unmentioned the predicament of business archives. The increase in the number of liquidations during the current recession has hastened the destruction of irreplaceable business records.

Local records offices, which lack staff resources for such purposes, are notified of liquidations in their areas by the Business Archives Council which encourages contact with the liquidators, particularly if companies were registered before 1946. This can only be partially successful given the size of the task; often the rescue operation is too late and records are permanently lost.

Also, the closure of small, long established businesses can easily go unnoticed despite attempts to monitor those considered to be at risk.

Valuable records could therefore be saved for the nation if such firms were to contact the Business Archives Council or local record offices. Surviving businesses can also help to ensure preservation of archives for the nation by adhering to recommended standards for storage and maintenance, upon which ourselves and many record offices are only too willing to advise.

Yours faithfully, ANNE PIGOTT, Head of Business Records, Business Archives Council, Denmark House, 15 Tooley Street, London SE1 2NP.

National Giro

From Mr J. Whelan

Sir, With reference to the recent letters regarding credit cards versus cash, may I suggest National Giro transfers.

No cheque charges, state-ments name the payee, unlike normal bank statements, overnight clearance for the payee, in my experience a very civilized method of payment. I was just about to point out I was introduced to it by the banks refusal to accept electricity bill payments.

Yours faithfully, J. WHELAN, 41 Princess Road, Edgbaston, Birmingham, B5 7PU.

Mineral mining on the sea-bed

From Mr Roderick C. Ogley

Sir, As we enter a new decade we should be looking at the future, and not just that of our own country. One major determinant of whether our children and grandchildren will enjoy a relatively peaceful world will be whether we can negotiate to them global institutions in whose workings all states would have an incentive to collaborate because all would benefit from success.

In 1980 the long-drawn-out Law of the Sea Conference came close to producing a convention which, if generally ratified, will create an organization unique, so far, in our global history, the International Sea-Bed Authority.

This will regulate, and tax, private and state exploitation of the international area of the sea-bed and also, through an organ called the Enterprise, engage in ocean mining.

At Geneva, in August, more than a hundred states, including all the major powers, expressed satisfaction with

progress made at the latest session, and a draft convention emerged, which, with minor refinements, to be negotiated at New York this spring, could be adopted by consensus and ceremonially signed at Caracas later in the year.

This achievement, which might, from some future perspective, go down as a landmark in the evolution of an international organization, is imperilled both by the uncertainties surrounding the attitudes of the new American administration on the issue, and by the insistence of some technologically advanced states on using national legislation to provide for the mining of what is international territory.

Understandably, those that now import the minerals in question (mainly nickel, copper, cobalt and manganese) will not wait for a treaty; but national solutions will not only condemn the world to missing a great opportunity for con-

structive political action; they will also fail to assure the miners of what they need—undisputed rights to mine a specific site exclusively for a specified period.

Let us all make sure, then, that 1981 is the year of the Law of the Sea Treaty, that if there must be national legislation, it is compatible with that treaty and the mode of allocating sites under it, and that the Reagan administration is persuaded to throw its weight, as past administrations of both parties have done, behind the kind of treaty which can secure general acceptance at the conference (which means one in more, or less its present form); and that the Senate, and its counterparts elsewhere, are in due course persuaded to ratify it. No one would claim that the treaty is perfect, but it could contribute to making a better world. The alternative is anarchy and worldwide disillusionment.

RODERICK C. OGLEY, 4 King Henry's Road, Lewes.

BY THE FINANCIAL EDITOR

China Clays at the top

English China Clays' full-year pretax profits of £40.5m were 22 per cent up on last time, but, nevertheless, point to a sharp decline in the second half. Taking the year as a whole, china clay output, still the backbone of the company, held up better than expected but still fell by about 1.4m tonnes to 2.66m. Pretax profits in this division rose by 8.6 per cent to £25.5m, helped by price increases of around 20 per cent at the beginning of the year and an unusually good September.

But it was the company's other activities which were vital. Quarries pushed up profits by 41 per cent to £9.9m; building, recovering from the setbacks of 1979, contributed £1.6m against £196,000; and transport and services went up by 26 per cent to £3.4m. Building's figures are deceptive because most of the

performance from United Kingdom rentals—still far and away the major source of profit. Pre-interest profits were 3 per cent up at £12.6m but adding back £3.5m exceptional rationalization costs to the previous year gives a truer picture.

Overseas rental did a little better in the first half because of the Rentacolor acquisitions but camping and leisure turned round to losses and is being slimmed. Group pretax profits for the first half ran out at £7.4m against £5.5m (after exceptional costs).

After racing ahead to 99p the shares closed only 2p higher after hours at 92p where the yield on a maintained dividend is 6.7 per cent. The second half will remain difficult and ERG is still having problems getting enough videos to rent out. But the potential of this market plus the interest rate factor make a good case for the shares in the longer term.

No investor has lost money since the State Building Society collapse in the 1950s, but the movement's reputation for being as safe as houses has been tarnished in the past five years by the unfolding scandals at the Wakefield Building Society and the Grays Building Society, currently under police investigation, will be modest by comparison, but arguably more worrying.

After the major defalcations unearthed at the Grays and the subsequent remedial action proposed by the Chief Registrar of Friendly Societies, the accountancy profession and Whitehall, it is, at first glance, unthinkable that within two years of the investigation of the Grays, another building society should apparently be finding skeletons in the cupboard.

But in fact the insistence of the Registrar for better internal controls which he has backed by visits to all societies with assets between £2m-£25m and the new guidelines proposed by the accountancy bodies at the end of last year, were designed to expose (and remedy) inefficiencies, or worse.

However, although the movement has certainly proved, yet again, that it can rescue its own, the Government's decision to back away from promised legislation for societies is to be regretted. Greater controls to back up the work of the Registrar and the accountants would still not come amiss.

Hickson & Welch

Under pressure

ICI is temporarily losing money and Fisons' dividend is in peril. So the modest fall in pretax profits from £8m to £6.5m in the year to last September but maintained dividend from Hickson & Welch brought a sigh of relief to the sector. The shares hardened 1p to 141p.

But the point about Hickson is not that it is weathering recession rather well, but that this highly rated chemical group with interests in timber preserving and building materials is now ex-growth. Hickson is not in fact coping with the downturn. In the first half of last year pretax profits went ahead by 15.5 per cent to £4.4m, so it only made £2.1m in the second six months. Redundancy and termination costs are a total of £393,000 but the figure will obviously swell if trade refuses to pick up and at present the group is making full use of the Government subsidy for short time working. It has however been quick to suspend capital spending and cut borrowing. But the price was a leap in tax from £437,000 to £3.2m as capital allowances disappeared, and earnings a share more than halved to 17p.

Hickson itself sees no end to recession for at least six months and its two big problems, a strong pound and expensive gas, are not likely to go away. The fear must be that Hickson will have lost important markets by the time business eventually picks up.

Timber preserving has probably raised its share of total profits to half, but chemical profits are still falling, and the pretax treatment since 1976-77 peak of £10.1m speaks for itself. There are better returns than its 7.6 per cent yield from more interesting chemical companies.

The man who shook Wall Street

Joe Granville likes to compare his stock market analysis with the way scientists predict earthquakes. But now a dashed Wall Street is wondering whether Mr Granville predicts financial earthquakes or causes them.

On Tuesday the market had looked unstoppable with the Dow Jones average soaring through the 1,000 barrier. Then at one stage on Wednesday it was down 31 points from Tuesday's close and ended the day down 23.80 points, at 980.89.

The man who was solely responsible for the carnage was Joseph Granville. Acting on his instructions 30 telephone operators were working from 8.30 on Tuesday night to 2 o'clock on Wednesday morning calling his 3,000 clients with a message as blunt as it was simple: "Sell everything".

They were the lucky ones. They had paid at least \$500 a year to be members of the Florida-based Financial Early Warning System. Mr Granville has 10,000 other clients who learnt to their cost what happens when you pay Mr Granville only \$250.

Newsletter

For that money they receive a weekly newsletter and many of them would have just been opening a book about the same time that privileged Early Warning System members were preparing to torpedo the market on Mr Granville's updated advice.

"Do some aggressive buying," the 57-year-old millionaire wrote confidently. "The market is signalling a sharp upward swing, and most groups look set to respond vigorously."

"The most important thing to know here is that most stocks are set to advance and the probability states that regardless of what you buy right here, it will be higher several weeks from now."

Mr Granville allowed his letter to go to press last Friday. Yesterday he was unrepentant in explaining what had happened.

"When we wrote the letter the Dow closed (on Friday) at 963.39 and we wrote that right here, it was a piece of cake," he told the Wall Street Journal. "Well, the intraday high on Tuesday was 1013.13, and you can't call them any better than that. But the market left absolutely no doubt on Tuesday that it was giving us a sell signal."

Accuracy

Over the past few years Mr Granville's system of technical analysis has brought him a national reputation for accuracy in predicting the market. He has made his money by selling that advice.

He enhances his reputation by flying all over the country from his home in Holly Hill, Florida, to give lectures accompanied by flamboyant displays of showmanship—to investment groups. Last year he covered 5,000 miles a week.

His basic message is that "the market always tells you where it is going." During particularly energetic performances he has been known to burst on to the stage carrying a large balloon and shouting to his audience: "How high is the market going? The balloon releases the balloon to illustrate his point, possibly following up with a song and dance routine.

There is no doubt that Mr Granville has a large following. He has been called "the Christened Granville" by some Wall Street dealers—and that his advice in recent years has more often been right than wrong.

But the question remains: does Joe Granville predict the effect or cause it? He admits neither. He says he is "a growing, following, some degree of self-fulfilling prophecy is inescapable," he says.

Nigel Nelson

Ivor Davis Shadows on the silver screen

Hollywood

It seemed like a winner. Superstar Barbra Streisand in a musical with story by Isaac Bashevis Singer, the Nobel prize winner. Ms Streisand was even going to direct herself. They were all ready to go with a budget of around \$17m—then the studio pulled the plug.

Yet it is a picture which unless alternative financing can be found will not now be made. The disintegration of a project starring the world's number one box office female star would seem surprising if it were not that it came at the end of a year which was one of the worst for Hollywood in living memory.

First an expensive actors' strike crippled the studios for weeks and cost them millions of dollars. But even more important 1980 may well go down in film history as the year of the big flops culminating in the debacle over *Heaven's Gate*, \$40m extravaganza-western by Michael Cimino. Director of the Oscar winning *Deer Hunter*, his epic turned out to be 3½ hours of self-indulgence and Cimino is now reediting it in an attempt to salvage something.

But his film was only the worst example in a long list of duds. Coming closely behind was Steven Spielberg's 1941. The director of *Jaws* and *Close Encounters of the Third Kind* persuaded Universal Pictures to give him an unlimited budget for a spoof movie on the anti-Japanese hysteria on the West Coast after Pearl Harbour. The resulting film was a noisy, chaotic undisciplined disaster.

Then there was *The Blues Brothers*, a picture directed by another young "genius", John Landis, whose earlier *Animal House* had taken in over \$100m. Landis was given a free hand and \$35m to try to repeat his earlier success. The picture was rushed out its offerings for Oscar consideration. Some of them have joined the list of over-inflated productions.

The Jazz Singer, which cost \$15m and with pop singer Neil Diamond making his screen debut opposite Laurence Olivier in an updated version of the first talking picture, the 1927 Johnson classic, is artistically disappointing, though it seems that the popularity of Diamond's music is rescuing it at the box office.

Despite the poor reviews EMI says that the film is doing brisk business and that in the

first 17 days in some 228 cinemas in North America it grossed \$8.3m. By mid-February it will be seen in more than 300 cinemas and after a royal premiere in London on January 29, it will open in Britain.

Robert Altman's \$30m *Popeye* musical, an unlikely liaison between Paramount studios and Walt Disney Pictures, starring Robin Williams, the television comedian, has made its appearance with unmemorable music and sometimes unrecognisable dialogue. Early box office returns, however, indicate the film is doing good business.

which says if you have the right star, the right director and a big budget you can't miss—never mind the script.

It was the reasoning behind the Jazz Singer, 1941, *When Time Ran Out*, starring Paul Newman and Jacqueline Bisset, and *Xanadu*, a musical featuring Olivia Newton John and Gene Kelly. And it is a formula that just is not working.

Mr Norbert Auerbach, newly appointed president of United Artists argues that overspending on films like his company's (*Heaven's Gate*) is not an aberration but symptomatic of an industry-wide ailment: "We

the overseas sales. That kind of arrangement is becoming more common in Hollywood when a studio wants to spread the risk factor.

In some cases film producers have covered their budget even before the first day of filming. They simply get guarantees from various countries, as well as guarantees for the sale of the finished product to television and cable companies.

Mr Charles Powell, a marketing specialist, blames overblown marketing budgets for the high costs of films. He says that studios spend millions selling a film often in a vain effort to protect their huge investments. The Motion Picture Association of America reports that the average cost of making a picture today is \$6.5m—while the average amount spent on promoting a film is \$5.5m.

"Many companies spend more on marketing than making films," Mr Powell says. He adds: "Television commercials are bleeding us to death. Studios are paying \$100,000 for a 30-second television spot—it's crazy. What ever happened to the old style publicity stunts where you got free space?"

Mr Auerbach of Box Office points out that another aggravating factor is the enormous salaries demanded and paid to big stars. "These days having a star in your film doesn't necessarily guarantee success. Audiences won't go to see a star if the film isn't popular," he says.

Christopher Reeve, the silver screen's "Superman", is one star who opposes the over-inflated salaries and he practices what he preaches. He recently took a large salary cut to star in the low budget romantic film *Someone in Time*.

"There is something terribly wrong with the film business," says Reeve: "when on one hand you see millions thrown away on awful movies, and on the other someone like David Lean, who has never made a bad picture, can't raise enough money to make his next film *Mazzy Star*."

Paul Monash, producer of one of Hollywood's most successful pictures, *Baruch Cassidy and the Sundance Kid*, does not, however, believe that Hollywood has lost its touch or is heading for complete disaster.

"I think we're fighting it a tough one, more than ever before. I'm amazed we do survive with competition from cable TV, electronic games and everything else vying for the theatre going public. Today it's just a whole different economic ballgame."

Hollywood hopes in 1981 to avoid the mistakes which made last year one of the worst ever experienced by its film industry

Little wonder then that the studios are running scared. According to the trade paper *Daily Variety*, box office receipts for last summer's season were down 25 per cent, which may not sound like much, but as Mr Alexander Adams, editor of the influential Hollywood journal *Box Office* points out, "With an inflation rate of 13 per cent that's the equivalent of being down 151 per cent on 1979's grosses."

Everywhere in the film industry a great deal of head scratching is going on as well as a slightly hysterical attempt to apportion blame. First to fall will undoubtedly be the director, the young genius of the moment, who makes one flop after another, then the studio funding the picture. In some cases independent producers get their own funding but are given financial guarantees from a major studio which will then buy the film from the producer for an agreed amount.

"In most cases the majors put their own money on the line," says *Box Office's* Mr Auerbach. As in the case of *Popeye*, Paramount and Disney shared the cost in a deal that gave Paramount the box office take from North America and Disney

are going to have to deal with that particular problem just as everybody else should, otherwise we're going to have a catastrophic situation in our industry."

As a result the big Hollywood studios intend to keep a tight financial rein in 1981. But even the film factories that have suffered the biggest losses from pictures—like Universal Studios—have not gone out of business. They have been able to cushion flops because of large portfolios of films, either playing or in the works at any given time, which can pay the rent for the unsuccessful pictures.

This year most films are again being made in the traditional manner, with studios funding the picture. In some cases independent producers get their own funding but are given financial guarantees from a major studio which will then buy the film from the producer for an agreed amount.

"In most cases the majors put their own money on the line," says *Box Office's* Mr Auerbach.

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Technology

How Ireland is finding fresh use for its peat bogs

Ireland, with the help of the European Economic Community, is pioneering the development of biomass—renewable, short-generation trees—as an energy source for the future.

Bord na Mona (the Irish Peat Development Authority) and the National Board for Science and Technology are co-operating in a £17.7m (£5.5m) demonstration project. The EEC is providing 40 per cent of the money.

Mr Jeremiah Healy, land development manager for Bord na Mona, says that 1,000 acres are in production. Research began in 1975 and the trees were planted in 1977.

The experiment—from which Mr Healy says it is hoped to have enough information by the end of the year—will be divided between conifers, which would have to be replanted after harvesting, and hardwood trees, which can be "copied", or grown like grass, at intervals.

The Electricity Supply Board, another public agency, is also involved. It is converting a power plant in the far-western

region of Connemara to run on biomass. The peat board's participation can be explained by the fact that Ireland's expanses of peat bogs have been judged to be excellent places to grow biomass—once the peat has been removed. Ireland has three million acres of bogs, but expects to exhaust this resource by the year 2020.

Mr Healy says that a harvesting machine for biomass now exists "on paper" and should be ready in 1981, two years before the first crop is due. Mr Frank Lunney, a consultant working for the National Board for Science and Technology, believes that biomass could eventually supply a quarter of Ireland's energy needs. He says that the country's heavy rainfall and long frost-free season are points in its favour.

Mr Lunney says that the Irish experiment is attracting attention from abroad, and cites Sweden and Finland as two examples. In the United States, he adds, there is interest in

making more efficient use of the wood from natural forests. The city of Burlington, Vermont, is generating electricity from wood, he says.

Mr Lunney has doubts about the conifer biomass. He likes the hardwood variety, because of its ability to regrow after being cut to the stump.

"You can cut these stumps again after four years and new sprouts will come. It is thought that you can go on doing that for 30 years—more or less—before the roots lose their vigour and you have to replant."

As for the output, Mr Lunney says that it "appears that it is not over-optimistic" to hope for a yield of 10 tonnes of dry matter for each acre a year. That figure corresponds to about 3 tonnes of oil.

Only 5 per cent of Ireland's land is forested, against an average of 20 per cent for EEC countries as a whole. "We are the last major country in the EEC," Mr Lunney says.

He believes that large tracts of poor agricultural land in counties Leitrim, Mayo, Clare and Kerry would be "ideal" for a yield of 10 tonnes of dry matter for each acre a year. That figure corresponds to about 3 tonnes of oil.

He says that a peat bog produces four times as much energy as a piece of land of the same size devoted to biomass. But whereas biomass goes on

forever peat can only be used once. Mr Lunney says that biomass, with its lower sulphur content, involves much less air pollution than coal. The job of the grower is also easier than it would be if he were cultivating other crops.

All the grower has to think about is volume. Worries about such things as protein content can be left to the food farmer.

Mr Healy and Mr Lunney are cautious men, more inclined to the technical than the lyrical. Indeed, Mr Healy says, a large part of his job is to "dampen down this enthusiasm" that has been shown by less realistic laymen.

Mr Lunney points out that no new energy source is going to provide the whole answer to any country's problems. Each will just have to be added to the mix of alternatives.

The future of biomass, he says, will also depend on "a lot of political decisions". For example, it has not even been determined yet what agency will be responsible for its development in Ireland.

But Mr Lunney is hopeful, both about the prospects for biomass and Ireland's role in developing it. "I think that if we play our cards right we could be the lead country in biomass production."

Robert O'Connor

Business Diary: On account of Dr Johnson

Oxford To the University, at the invitation of William Hyde. I called on him not at his college (he is a fellow of Linacre) but at Pembroke, one of his other 39.

Hyde is secretary to the Oxford University Chest (the university's kitty) and he is also president of the Institute of Cost and Management Accountants.

I found him at Pembroke, chairing a symposium he had set up to bring together day-to-day practitioners of management accounting and ICMA members who hold chairs of accountancy. I was delighted to see that two of the academics were called Risk and Tricker.

Hyde is known to the City for a spell as a director of Schroders and as author of the Hyde Guidelines prepared by the Accounting Standards Committee.

Pembroke is not only known, but interesting to me as the college of Dr Johnson, although it must be said that Dr Johnson was not too interested in accounting.

Boswell once told him of a lady who refused to keep family accounts for her husband since she did not go over the budget. "Sir," said the doctor, "it is fit that she should keep an account, because her husband wishes it: but I do not see its use."

Having said hello to Hyde as he and his accountants (all

of them men) went into conclave, I paid my respects to the bursar of Pembroke, Colin Leach.

Leach has an office on the first floor immediately above the porter's lodge and immediately below "Dr Johnson's room". I found him working on a computerized cash flow projection for Pembroke, its first.

He is the man for the job, for until two years ago he was managing director of Ariel, the Accepting Houses' computerized share-dealing alternative to the Stock Exchange.

Within a week of starting a new job Leach was rung by an Oxford friend and asked if he knew that the Pembroke bursarship was going. He didn't, and as it was closing day for applications, he got in touch right away and piped more than 100 others to the post.

What, I asked Leach, was the attraction of Oxford over the City? "Very high intelligence in a large number of people one meets and works with," he replied, "and a far less, I think, grasping attitude to life. I found as I worked in the City I more and more wanted to be here."

Now, after 22 years in the City, did he invest the college's cash?

"Having regard, always, as I must do, to short-term cash requirements, I will invest in equities where I think there is either long-term growth, or which I like to think is my own

speciality, invest in bombed-out recovery stocks."

At my insistence Leach tipped Courtauld's and Chubb as two examples. Ariel, whose future he is secure only until the end of March, is, I suggested, "bombed-out." Was it "recovery"?

Here Leach hesitated and then said he would have speculated for me had he not recently discussed the matter with the present MD of Ariel, Garry Arnott, so he would rather not.

"I think the concept remains a very good one," he added. Why then, I went on, did it not work better?

The reason, Leach said, is "the absence of a market-maker—a jobber, if you like—someone who would be there at the right moment to take stock that was on offer or to supply stock that was wanted."

"Time after time on Ariel

I would see in the morning that there's a subscriber buying ICI, in the afternoon selling ICI—because they didn't get together, because they were both at 20,000 shares, both at 340p, but at the wrong time."

A former classics don at Brasenose, Leach is now bringing out with the American poet James Michie a new edition of Euripides' play *Helen*.

It was to the theatre, with a tragedy called *Irene*, that Dr Johnson looked after leaving Pembroke without a degree in 1731. His father's bookselling business was failing and so Johnson had to go.

I took up the theme of theatre over lunch in hall with Hyde, because Oxford's Playhouse is one of the university assets administered by the Chest. He told me that the future of the Playhouse, like that of Ariel, was under review. It is losing about £50,000 a year and the

curators of the Chest are preparing a report which will go to the Hebdomadal Council this spring.

Closure, Hyde went on, was a possibility. "But on the other hand we spend a lot of money on the Bodleian Library, with all its huge number of volumes, and on other libraries throughout Oxford, so isn't it important that there should be a place where Shakespeare's plays can be heard, rather than reading the book of the play?"

Over dinner I met Jack Shaw, who brought to mind Dr Johnson's joke that "the noblest prospect which a Scotchman ever sees is the high road that leads him to England."

This was not the case with Shaw, a Scot who was at Pembroke not to get away from Scotland but to deliver a paper to his ICMA fellows on "Accountability—Corporate

Governance and the Management Accountant."

Shaw has both feet planted firmly in his native heather, one as Professor of Accountancy at the University of Glasgow and the other in Edinburgh as senior partner in the office here of Deloitte, Haskins & Sells.

He said that his was about the only one of the 40 or so accountancy chairs in the country which required the incumbent to practice what he preached, and this was one reason why the professors and the practitioners were so often at odds.

"Anybody who tries to build a bridge gets shot at by chaps from both sides," he told me.

The college's head porter, John Jefferson, showed me Dr Johnson's room, now occupied by a Mr J. W. Hall, and added that Mr Hall's "father was at Pembroke, too, strangely enough, but not in that room."

I found one member of the college who was still showing visitors to the wrong room and another who had not long got it right. "I must have shown dozens of Americans the wrong place," he said.

I would like to think that Pembroke will go on showing Americans the wrong Dr Johnson's room. Did not the doctor himself say of them: "Sir, they are a race of convicts and ought to be thankful for anything we allow them, short of hanging?"

They were not the case with Shaw, a Scot who was at Pembroke not to get away from Scotland but to deliver a paper to his ICMA fellows on "Accountability—Corporate

Governance and the Management Accountant."

Shaw has both feet planted firmly in his native heather, one as Professor of Accountancy at the University of Glasgow and the other in Edinburgh as senior partner in the office here of Deloitte, Haskins & Sells.

He said that his was about the only one of the 40 or so accountancy chairs in the country which required the incumbent to practice what he preached, and this was one reason why the professors and the practitioners were so often at odds.

Ross Davies

JESSUPS

Main Dealers for Vauxhall, Bedford, Opel and Ford, Leasing Specialists and Commercial Vehicle Body Builders

	Year to 31st August	
	1980	1979
	£000s	£000s
Turnover	31,685	30,000
(Loss)/Profit before tax	(250)	830
Dividend per share	2p	3p
Net Assets per share	94p	103p

* Loss indicates combination of adverse factors in most difficult year.

* Ford's market dominance maintained and Group improved sales. Vauxhall and Bedford ranges comprehensive and attractive.

* Losses on leasing follow conservative valuation of fleet and high interest rates.

* Although an early return to past profit levels cannot be anticipated, dividend policy demonstrates good long-term prospect.

Copies of Report and Accounts are available from the Secretary, Jessups (Holdings) Limited, London Road, Romford, Essex RM7 9QS. Telephone: Romford 22311

VAUXHALL • BEDFORD • OPEL • FORD

MARKET REPORTS

Commodities

COPPER was steady—Afternoon—Copper futures were steady, with the three-month contract at \$1.05, the one-month at \$1.04, and the six-month at \$1.03. The market was quiet, with no significant trading activity.

WHEAT was steady—Afternoon—Wheat futures were steady, with the three-month contract at \$2.10, the one-month at \$2.08, and the six-month at \$2.06. The market was quiet, with no significant trading activity.

SOYBEANS were steady—Afternoon—Soybean futures were steady, with the three-month contract at \$1.10, the one-month at \$1.08, and the six-month at \$1.06. The market was quiet, with no significant trading activity.

MAIZE was steady—Afternoon—Maize futures were steady, with the three-month contract at \$1.05, the one-month at \$1.03, and the six-month at \$1.01. The market was quiet, with no significant trading activity.

COFFEE was steady—Afternoon—Coffee futures were steady, with the three-month contract at \$1.10, the one-month at \$1.08, and the six-month at \$1.06. The market was quiet, with no significant trading activity.

TEA was steady—Afternoon—Tea futures were steady, with the three-month contract at \$1.10, the one-month at \$1.08, and the six-month at \$1.06. The market was quiet, with no significant trading activity.

SPICES were steady—Afternoon—Spice futures were steady, with the three-month contract at \$1.10, the one-month at \$1.08, and the six-month at \$1.06. The market was quiet, with no significant trading activity.

FRUIT was steady—Afternoon—Fruit futures were steady, with the three-month contract at \$1.10, the one-month at \$1.08, and the six-month at \$1.06. The market was quiet, with no significant trading activity.

VEGETABLES were steady—Afternoon—Vegetable futures were steady, with the three-month contract at \$1.10, the one-month at \$1.08, and the six-month at \$1.06. The market was quiet, with no significant trading activity.

MEAT was steady—Afternoon—Meat futures were steady, with the three-month contract at \$1.10, the one-month at \$1.08, and the six-month at \$1.06. The market was quiet, with no significant trading activity.

FISH was steady—Afternoon—Fish futures were steady, with the three-month contract at \$1.10, the one-month at \$1.08, and the six-month at \$1.06. The market was quiet, with no significant trading activity.

OTHER was steady—Afternoon—Other futures were steady, with the three-month contract at \$1.10, the one-month at \$1.08, and the six-month at \$1.06. The market was quiet, with no significant trading activity.

Record turnover for London 'soft' markets

Turnover value on London's 'soft' commodity markets reached a record £57,000m in 1980, compared with £31,000m in 1979, with the main activity occurring in the first half of the year, figures released by the International Commodities Clearing House show.

The previous 'high' was £45,000m, reached in 1977. The number of lots traded in 1980 rose to 4.4m from 3.3m in the previous year.

On the sugar market, a record 1.1m lots of Number Two 'raws' were traded in 1980 before it expired with the October contract, compared with 855,427 lots traded in 1979. The Number Four 'raws' contract saw business of 1.4m lots, against a previous 16,976.

Robusta coffee turnover totalled 1.1m lots in 1980, down by 263,313 from the 1979 total. Robusta lots traded were 647,397, compared with the previous 839,751.

Potatoes, traded since June 1980 last year, had a turnover of 9,929 lots.

Lots traded in other commodities in 1980 were as follows: wheat, 1.1m; maize, 1.1m; soybeans, 1.1m; cotton, 1.1m; rubber, 1.1m; oil, 1.1m; and other, 1.1m.

Discount market

The Bank of England gave help on a small scale to relieve a shortage of funds in the discount market yesterday, buying Treasury bills and eligible bank bills direct from the houses. Money moved very slowly throughout the afternoon, with the authorities ready to provide all the help needed, rates came away to 10 per cent in places, though the main range for the close was 12 to 13 per cent.

Foreign exchange report

The foreign exchange market continued to trade in subdued fashion yesterday, with the dollar making useful headway, but sterling, in common with other major currencies, conceding some ground. At the close, the pound showed an 85-point fall at 52,404, compared with 52,433 overnight, but its trade-weighted index remained firmly underpinned, unchanged throughout at 79.0. Initially, the dollar moved ahead in response to higher European rates, but in rather uncertain trading normal volume was missing and the rise was often exaggerated.

The 20 per cent prime rate (including Chase Manhattan) announced yesterday afternoon had little effect on the dollar. Dealers were inclined to view the 2.57 point cut as confirmation that the 18 per cent Chemical Bank prime rate (announced on Tuesday) as being rather out of line and that rates seem at least for the short-term to have 'bottomed out'.

The D-mark weakened in dollar terms to 1.9625 from 1.9455.

Sterling Spot and Forward

Market rates (day forward) (January 8)

City	Rate
New York	52,404.00
London	52,404.00
Paris	52,404.00
Frankfurt	52,404.00
Geneva	52,404.00
Basel	52,404.00
Zurich	52,404.00
Vienna	52,404.00
Bombay	52,404.00
Calcutta	52,404.00
Rangoon	52,404.00
Singapore	52,404.00
Manila	52,404.00
Cebu	52,404.00
Yokohama	52,404.00
Tokyo	52,404.00
Osaka	52,404.00
Kobe	52,404.00
Nagasaki	52,404.00
Fukuoka	52,404.00
Sapporo	52,404.00
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